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83D CONGRESS
2D SESSION

H. R. 7199

IN THE HOUSE OF REPRESENTATIVES

JANUARY 14, 1954

Mr. REED of New York introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1954".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

EXTENSION OF COVERAGE

DOMESTIC SERVICE, SERVICE NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);".

(2) Section 209 (g) of such Act as amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer

and does not include service described in section 210 (f) (5);".

(3) Section 209 (h) of such Act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50;".

(4) Section 210 (a) (1) of such Act is amended to read as follows:

"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(5) Such Act is amended by striking out paragraph (3) of section 210 (a) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14) of such section, and references thereto, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is

amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not an American citizen or (ii) the employer is not an American employer".

CERTAIN FEDERAL EMPLOYEES

(c) (1) Clause (ii) of subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Such subparagraph (B) is further amended by striking out "or" at the end of clause (iii), inserting "or" at the end of clause (iv), and adding the following new clause at the end of such subparagraph:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the com-

fort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(3) Such Act is amended by striking out clause (iii) of subparagraph (C) of the paragraph of section 210 (a) herein redesignated as paragraph (6) and redesignating clauses (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), and (xiii) of such subparagraph, and references thereto, as clauses (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), and (xii), respectively.

(4) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

MINISTERS

(d) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commis-

sioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (l) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

INTERNES

(e) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (13) is amended by striking out all after the first semicolon therein.

FISHING AND RELATED SERVICE

(f) The Social Security Act is amended by striking out paragraph (15) of section 210 (a) and redesignating paragraphs (16) and (17) of such section, and references thereto, as paragraphs (14) and (15), respectively.

HOMEWORKERS

(g) Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

FARMERS AND PROFESSIONAL SELF-EMPLOYED

(h) (1) Section 211 (a) of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and references thereto, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such section the following new sentence: "In the case of any trade or business carried on by an individual in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income (computed under the preceding provisions of this subsection) derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business

by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, would be less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900."

(2) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".

(3) Section 211 (c) of such Act is amended by striking out paragraph (5), by striking out "; or" at the end of paragraph (4) and inserting a period in lieu thereof, and by inserting "or" at the end of paragraph (3).

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

(i) (1) Section 218 (d) of such Act is amended by striking out "EXCLUSION OF" in the heading, by inserting "(1)" after "(d)", and by striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions specified in paragraph (5) of this subsection and in the case of positions

which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A))". Such section is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered under a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but excluding positions specified in paragraph (5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was

held on the question whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to the employees who, at the time the referendum was held, were in positions then covered by such retirement system and were members of such system (other than employees who were not in such positions at the time notice of such referendum was given as required by subparagraph (C); other than employees in positions to which, at the time the referendum was held, the State agreement already applied; and other than employees in positions specified in paragraph (5));

"(C) Ninety days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

"(E) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.

No referendum with respect to a retirement system shall be valid for the purposes of this paragraph unless held within

the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after any prior referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system;

"(B) all employees in positions which were covered by such system at any time after such date; and

"(C) all employees in positions which were covered by such system at any time before such date and to which the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system.

"(5) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position or in any position covered by a retirement system

applicable exclusively to positions in one or more law-enforcement or fire-fighting units, agencies, or departments.

"(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to each political subdivision concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State."

(2) Section 218 (f) of such Act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1957, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1956, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

The amendments made by paragraph (1) of this subsection shall take effect January 1, 1955. Deductions under section 203 of the Social Security Act shall not be made, from any benefits under such Act certified and paid prior to the date an agreement or modification of an agreement is agreed to (after 1954) under section 218 of such Act, on account of services, rendered prior to such date, to which such agreement or modification, as the case may be, is applicable; except that, for purposes of section 215 (f) of such Act, deductions which would have been imposed under such section 203 had such agreement or modification, as the case may be, been agreed to on the date it became effective shall be deemed to have been imposed.

(3) Section 218 (m) (1) of such Act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)".

EFFECTIVE DATES

(j) The amendment made by paragraph (2) of subsection (h) shall be applicable only with respect to taxable years beginning after 1950. The amendments made by

paragraphs (1) and (3) of such subsection shall be applicable only with respect to taxable years beginning after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4) and (5) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. The amendment made by paragraph (4) of subsection (c) shall become effective January 1, 1955. The other amendments made by this section (other than the amendments made by subsection (i)) shall be applicable only with respect to services performed after 1954.

INCREASE IN BENEFIT AMOUNTS

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"Primary Insurance Amount

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after the last day of the month following the month in which the Social Security Amendments of 1954 are enacted, or who dies after such day and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with

respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraph (1) of subsection (b) of such section is amended by striking out "except that when the number of such elapsed months thus computed is less than eighteen, it shall be increased to eighteen" and inserting in lieu thereof "except that (i) if the number of such elapsed months as thus computed is less than eighteen, it shall be increased to eighteen, or (ii) if the number of such elapsed months as thus computed and after the application of paragraph (5) is less than twenty-four, it shall be increased to twenty-four".

(2) Such subsection is further amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual, the Secretary shall determine the four or fewer calendar years, which, if the months thereof elapsing after his starting date and prior to his divisor closing date, together with the wages and self-employment income for such years, were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such elapsed months of the years so determined and the wages and self-employment income for such years shall be excluded for purposes of computing such individual's average monthly wage."

(c) Subsection (c) of such section is amended to read as follows:

"DETERMINATIONS MADE BY USE OF THE CONVERSION TABLE

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary in-

surance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I	II	III	IV
"If the primary insurance benefit (as determined under subsection (d)) is—	Or the primary insurance amount (as determined under subsection (d) is—	The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under applicable regulations of the Secretary in effect on January 1, 1954, increased, if it is not then a multiple of $0.10, to the next higher multiple of $0.10. The amount so determined for any individual shall be increased to the extent, if any, it is less than $5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under such applicable regulations.

"(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this paragraph for an individual whose primary insurance benefit would (under the regulations referred to in such subparagraph) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such regulations) pro-

duce such primary insurance amount or if such primary insurance amount is higher than the amount appearing in column II on the line on which in column I appears the highest primary insurance benefit, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be determined by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, increased, if it is not a multiple of $0.10, to the next higher multiple of $0.10, and further increased to the extent (if any) it is less than $5 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of the paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection

shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount For Purposes of Conversion Table".

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits".

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage)" after "individual".

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this Act, the following new paragraph:

"(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior

to the enactment of this paragraph, except that the amendments made by sections 104, 106, and 107 of the Social Security Amendments of 1954 (relating, respectively, to increase in earnings counted, periods of disability, and technical amendments) shall, to the extent provided by such sections, be applicable to such computation."

(e) Section 203 (a) of such Act is amended by striking out "$168.75" and "$45" wherever they occur and inserting in lieu thereof "$190" and "$50", respectively.

(f) (1) The amendments made by the preceding subsections shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after, the effective date of this Act. As used in this and the succeeding subsections of this section, the "effective date" is the last day of the month following the month in which this Act is enacted.

(2) (A) The amendments made by subsection (b) (2) shall be applicable only in the case of an individual (i) who does not become eligible for benefits under section 202 (a) of the Social Security Act until after the effective date, or (ii) who dies after such effective date and without becoming eligible for benefits under such section 202 (a), or (iii)

who files, after the effective date, an application for a recomputation under section 215 (f) (2) of the Social Security Act, to which he is (or would, but for the provisions of section 215 (f) (7) of such Act, be) entitled, or (iv) (subject to the provisions of subparagraph (B)) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such Act), or (v) who files, after the effective date, an application for a disability determination (as provided in section 216 (i) of such Act), or (vi) who dies after the effective date and whose survivors are (or would, but for the provisions of section 215 (f) (7) of such Act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such Act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was or would, upon filing application therefor in such month, have been entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Security Act who was or, upon filing application therefor, would have been entitled to such benefits for the month in which the effective date occurs and with respect to whom not less than six of the quarters elapsing after June 30, 1953 are quarters of coverage, the Secretary of Health, Education,

and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application by him or, if he dies without filing such an application, by any person entitled to monthly survivor's benefits under section 202 of such Act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act (other than subsection (f) thereof) for computation of such individual's primary insurance amount, except that his closing dates, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective for and after the month in which the application therefor was filed by such individual or if such application was filed by a person entitled to monthly survivor's benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivor's benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any

such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(C) No increase in any benefit by reason of the amendments made by this section (other than subsection (i)) or by reason of subparagraph (B) of this paragraph shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(g) Effective with the beginning of the second month following the month in which this Act is enacted, section 2 (c) (2) (B) of the Social Security Act Amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after the month following the month in which the Social Security Amendments of 1954 are enacted."

(h) (1) Where—

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such Act for the month in which the effective date occurs;

(B) two or more other persons were entitled (with-

out the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this Act,

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this Act; or

(E) the amount determined pursuant to such section, as in effect prior to the enactment of this Act, for the month in which the effective date occurs plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been

applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act Amendments of 1952 for the month in which the effective date occurs plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month.

(2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such Act for the month in which the effective date occurs on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of

section 203 (a) of the Social Security Act, as amended by this Act, to 80 per centum of such individual's average monthly wage,

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall, for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such Act, as amended by this Act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this Act, plus $7.

(i) (1) Subparagraphs (B) and (C) of section 215 (f) (2) of such Act are amended to read as follows:

"(B) upon application by an individual entitled to old-age insurance benefits who, in or before the month of filing such application, attained the age of 75, and with respect to whom, at the time he became entitled to old-age insurance benefits, less than six of the quarters elapsing after 1950 were quarters of coverage, the Secretary shall recompute his primary insurance amount if not less than six of the quarters elapsing after 1950 and prior to the quarter in which he filed such application for recomputation are quarters of coverage, and

if his primary insurance amount has not previously been recomputed under this paragraph.

"(C) A recomputation under subparagraphs (A) and (B) of this paragraph shall be made only as provided in subsection (a) (1) (other than clause (B) thereof) and shall take into account only such wages and self-employment income as would be taken into account under subsection (b) if the month in which application for recomputation is filed were deemed to be the month in which the individual became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the month in which such application for recomputation is filed."

(2) The amendments made by this subsection shall be applicable in the case of applications for recomputation filed after the effective date of this Act.

AMENDMENTS RELATING TO DEDUCTIONS FROM BENEFITS

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of seventy-five and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of seventy-five and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or".

(b) (1) Section 203 (c) of such Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-five and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of seventy-five and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such Act is amended to read as follows: "The charging of earn-

ings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such Act is amended to read: "MONTHS TO WHICH EARNINGS ARE CHARGED".

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year of twelve months are not more than $1,000, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than the product of one-twelfth of $1,000 times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of twelve months are in excess of $1,000, the amount of his earnings in excess of $1,000 shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rates of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a tax-

able year of less than twelve months are more than the product of one-twelfth of $1,000 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect

to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satistion of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year means (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211, other than clauses (1) and (4) of subsection (c), shall be applicable; and any excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services (which do not constitute employment as defined in section 210) performed within the United States by the individual as an employee shall be deemed to be employment as so defined, if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to

an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purpose of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year."

(e) Section 203 (f) of such Act is amended to read as follows:

"Penalty for Failure To Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this paragraph in the case of any

individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month."

(f) (1) The heading of section 203 (g) of such Act is amended to read:

"REPORT OF EARNINGS TO SECRETARY"

(2) The first sentence of paragraph (1) of section 203 (g) of such Act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of one-twelfth of $1,000 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

(3) Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to

which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month (of such year) for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month (of such year) for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month (of such year) for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first failure for any individual, all taxable

years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

(4) Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)"; by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such a request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

(g) Section 203 of such Act is amended by adding at the end thereof the following new subsection:

"Noncovered Remunerative Activity Outside the United States

"(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which is not includible in computing his net earnings from self-employment for a taxable year and the net income or loss of which would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the provisions of clauses (1) to (6), both inclusive, of section 211 (a). When used in the preceding provisions of this subsection with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands)."

(h) Such section is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

"Good Cause for Failure To Make Reports Required

"(l) The failure of an individual to make any report required by subsection (f) or (g) shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(i) (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsection (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection

(h)) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

(2) No deduction shall be imposed after the enactment of this Act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such enactment, on account of failure to file a report of an event, to which subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such enactment) is applicable; and no such deduction imposed prior to such enactment shall be collected after such enactment. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this Act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;".

(b) Paragraph (1) of subsection (b) of section 211 of such Act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) for any taxable year beginning prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) for any taxable year beginning after 1954, (i) $4,200, minus (ii) the amount of the

wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such Act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, or equal $4,200 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and before 1955, or $4,200 in the case of a taxable year beginning after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage; and".

(d) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and prior to

1955, and the excess over $4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and".

RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth".

(b) (1) The amendment made by subsection (a) shall be applicable only in the case of applications filed after the effective date of this Act for monthly benefits under section 202 of the Social Security Act for months after the effective date of this Act.

(2) Any individual who files application after the effective date of this Act for monthly benefits under any subsection of section 202 of the Social Security Act who would, but for the enactment of this Act, be entitled to benefits under such subsection (as in effect prior to such enactment) for any month prior to the day following the effective date of this Act shall be deemed entitled to such benefits for such month prior to the day following the effective date of this Act to the same extent and in the same amounts as though this Act had not been enacted.

(3) As used in this subsection, the effective date of this

Act is the last day of the month following the month in which this Act is enacted.

PRESERVATION OF INSURANCE RIGHTS OF INDIVIDUALS WITH EXTENDED TOTAL DISABILITY

SEC. 106. (a) (1) Section 213 (a) (2) (A) of the Social Security Act is amended to read as follows:

"(A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages, except that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a period of disability, other than the initial quarter of such period."

(2) Section 213 (a) (2) (B) (i) of such Act is amended to read as follows:

"(i) no quarter after the quarter in which

such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;".

(b) (1) Section 214 (a) (2) of the Social Security Act is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) forty quarters of coverage,

not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage."

(2) Section 214 (b) of such Act is amended by striking out the period and inserting in lieu thereof: ", not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage."

(c) (1) Section 215 (b) (1) of the Social Security Act is amended by inserting after "excluding from such elapsed months any month in any quarter prior to the quarter in which he attained the age of twenty-two which was not a quarter of coverage" the following: "and any month in any quarter any part of which was included in a period of dis-

ability (as defined in section 216 (i)) unless such quarter was a quarter of coverage".

(2) Section 215 (b) (4) of such Act is amended to read as follows:

"(4) Notwithstanding the preceding provisions of this subsection, in computing an individual's average monthly wage, there shall not be taken into account—

"(A) any self-employment income of such individual for taxable years ending in or after the month in which he died or became entitled to old-age insurance benefits, whichever first occurred;

"(B) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage; and

"(C) any self-employment income of such individual for any taxable year all of which was included in a period of disability."

(3) Section 215 (d) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein; except that, for purposes of paragraphs (1) and (2) and sub-

paragraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted."

(d) Section 216 of the Social Security Act is amended by adding after subsection (h) the following new subsection:

"Disability; Period of Disability

"(i) (1) The term 'disability' means (A) inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term 'blindness' means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any

supervision or control over the administration or operation of any hospital.

"(2) The term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with respect to such period. Except as provided in paragraph (4), a period of disability shall begin—

"(A) if the individual satisfies the requirements of paragraph (3) on such day,

"(i) on the day the disability began, or

"(ii) on the first day of the one-year period which ends with the day before the day on which the individual files such application,

whichever occurs later;

"(B) if such individual does not satisfy the requirements of paragraph (3) on such day, on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the month in which the disability ceases. No application for a disability determination which is filed more than three

months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to April 1, 1955, shall be accepted.

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

"(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

"(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), of this paragraph any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"(4) If an individual files an application for a disability determination after March 1955, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability shall be—

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

"(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements."

(e) Title II of the Social Security Act is amended by adding after section 219 the following new sections:

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

"DISABILITY DETERMINATIONS

"SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered

into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

"(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in the State as may be designated in the agreement at the State's request.

"(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, determine that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

"(d) Any individual dissatisfied with the Secretary's determination under subsection (a), (c), or (g) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the

Secretary's final decision after such hearing as is provided in section 205 (g).

(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Fund at the time or times fixed by the Secretary, in accordance with such certification.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money which is so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Fund.

"(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals

outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

"REFERRAL FOR REHABILITATION SERVICES

"SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity."

(f) Notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, the amendments made by subsections (a), (b), (c), and (d) of this section shall apply to monthly benefits under title II of the Social Security Act for months after June 1955, and to lump-sum death payments under such title in the case of deaths occurring after June 1955; but no recomputation of benefits by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

TECHNICAL PROVISIONS

SEC. 107. (a) Section 215 (f) of the Social Security Act is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

"(6) In the case of any individual—

"(A) (i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits in 1955 or 1956 or in a taxable year which began in 1956, or

"(ii) who died in 1955 or 1956 or in a taxable year which began in 1956 and who, if he was entitled to old-age insurance benefits for any month prior to 1955, would have been entitled to a recomputation under paragraph (2) of this subsection if he had filed an application therefor in the month in which he died, or

"(iii) who filed an application for recomputation under paragraph (2) of this subsection in 1955 or 1956 or in a taxable year which began in 1956 and was entitled to such recomputation, and

"(B) who had self-employment income for a taxable year which ended within or with 1955 or 1956 or which began in 1956,

then upon application filed after the close of such taxable year by such individual or (if he died without filing such

application) by a person entitled to monthly survivor's benefits on the basis of such individual's wages and self-employment income, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section (other than subsection (b) (4) (A)) for computation of such amount, except that (A) the self-employment income closing date shall be the day following the quarter with or within which such taxable year ended, and (B) the self-employment income for any taxable year subsequent to the taxable year in which such recomputation is effective shall not be taken into account. Such recomputation shall be effective (A) in the case of an application filed by an individual to whom clause (A) (i) of the first sentence of this paragraph applies, for and after the first month in which he became entitled to old-age insurance benefits, (B) in the case of an application filed by an individual to whom clause (A) (iii) of the first sentence of this paragraph applies, for and after the month in which he filed the application referred to in such clause, and (C) in the case of an application filed by any other person, for and after the month in which such person became entitled to monthly survivor's benefits on the basis of the wages and self-employment income of the individual referred to in subparagraph (A) of the first sentence of this paragraph. No

recomputation under this paragraph pursuant to an application filed after the death of the individual referred to in such subparagraph (A) shall affect the amount of the lump-sum death payment under subsection (i) of section 202, and no such recomputation shall render erroneous any such payment certified by the Secretary prior to the effective date of the recomputation."

(b) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits under section 202 of such Act after 1954 and prior to July 1, 1957, his wage closing date, for purposes of section 215 (b) of such Act, shall be whichever of the following yields the highest primary insurance amount:

(1) The first day of the quarter in which he died or become entitled to old-age insurance benefits, whichever first occurred;

(2) The first day of the quarter preceding such quarter, but only if such quarter of death or entitlement is a quarter ending on June 30; or

(3) The day specified in section 215 (b) (3) (A) of such Act.

(c) Section 215 (b) (3) (A) of the Social Security Act is amended by striking out the period and inserting in lieu thereof ", or, if such first day is the first day of the quar-

ter following the quarter in which occurs such individual's self-employment income closing date and if it would result in a higher primary insurance amount for such individual, the first day of the quarter in which occurs his self-employment income closing date." The amendment made by this subsection shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after the effective date, in the case of applications for recomputation under section 215 (f) (2) of such Act (to which the individual filing the application is entitled) filed after the effective date, and in the case of lump-sum death payments under such section 202 with respect to the death after the effective date of any individual who was not entitled to monthly benefits under section 202 (a) of such Act (without the application of section 202 (j) (1) of such Act) prior to the day following the effective date. As used in the preceding sentence, the "effective date" is the last day of the month following the month in which this Act is enacted.

(d) As used in the provisions of the Social Security Act amended by this title, the term "Secretary", except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

Amendments to Definitions of Self-Employment Income and Related Definitions

Sec. 201. (a) The Internal Revenue Code is amended by striking out paragraph (2) of section 481 (a) and redesignating paragraphs (3), (4), (5), (6), and (7), and references thereto, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such section the following new sentence: "In the case of any trade or business carried on by an individual in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income (computed under the preceding provisions of this subsection) derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net

earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900."

(b) Paragraph (1) of section 481 (b) of the Internal Revenue Code is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year beginning prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year beginning after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraph (5), by striking out "; or" at the end of paragraph (4) and inserting a period in lieu thereof, and by inserting "or" at the end of paragraph (3).

(d) The amendments made by subsections (a), (b), and (c) of this section shall be applicable only with respect to taxable years beginning after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) The first sentence of section 1401 (d) (3) is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $4,200, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $4,200 of such wages received."

(b) Section 1401 (d) (4) (A) of such code is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $4,200 for any calendar year after 1954,".

(c) The second sentence of section 1420 (e) of the Internal Revenue Code is amended by inserting "in the case of the calendar year 1951, 1952, 1953, or 1954, or the $4,200 limitation in such section in the case of any calendar year after 1954" after "the $3,600 limitation in section 1426 (a) (1)".

(d) The amendments made by subsections (a), (b), and (c) shall be applicable only with respect to remuneration paid after 1954.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

SEC. 203. (a) Section 1420 (e) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality."

(b) The amendment made by subsection (a) shall become effective January 1, 1955.

AMENDMENTS TO DEFINITION OF WAGES

SEC. 204. (a) Paragraph (1) of section 1426 (a) of the Internal Revenue Code is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$4,200".

(b) (1) Subparagraph (B) of section 1426 (a) (7) of the Internal Revenue Code is amended to read as follows:

"(B) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (h) (5);".

(2) Section 1426 (a) (7) of the Internal Revenue Code is amended by adding at the end thereof the following new subparagraph:

"(C) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer

to the employee for such service is less than $50. As used in this subparagraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (h) (5);".

(3) Section 1426 (a) (8) of the Internal Revenue Code is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

"(B) Cash remuneration paid by an employer in any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50;".

(c) The amendments made by subsections (a) and (h) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. 205. (a) Section 1426 (b) (1) of the Internal Revenue Code is amended to read as follows:

"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(b) The Internal Revenue Code is amended by striking out paragraph (3) of section 1426 (b) and by redesignating

paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14) of such section, and references thereto, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not an American citizen or (ii) the employer is not an American employer".

(d) (1) Clause (ii) of subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended by inserting "a Federal home loan bank," after "a Federal Reserve bank,".

(2) Such subparagraph (B) is further amended by striking out "or" at the end of clause (iii), inserting "or" at the end of clause (iv), and adding the following new clause at the end of such subparagraph:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard

exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(3) The Internal Revenue Code is amended by striking out clause (iii) of subparagraph (C) of the paragraph of such section 1426 (b) herein redesignated as paragraph (6) and redesignating clauses (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), and (xiii) of such subparagraph, and references thereto, as clauses (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), and (xii), respectively.

(e) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to sub-

section (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed, in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

(f) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (13) is amended by striking out all after the first semicolon therein.

(g) The Internal Revenue Code is amended by striking out paragraph (15) of section 1426 (b) and redesignating paragraphs (16) and (17) of such section, and references thereto, as paragraphs (14) and (15), respectively.

(h) The amendments made by subsections (c), (d), (e), (f), and (g) shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 206. (a) Subparagraph (C) of section 1426 (d) (3) of the Internal Revenue Code is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

SEC. 207. (a) Paragraph (1) of section 1426 (l) of the Internal Revenue Code is amended by inserting "(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or

by a member of a religious order in the exercise of duties required by such order)" after "service" in the first sentence, by striking out "two-thirds of its employees" and inserting in lieu thereof "two-thirds of its employees performing service to which this paragraph is applicable" in such sentence, and by deleting so much of the section as follows the first sentence.

(b) Such section 1426 (l) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively, and by adding after paragraph (1) the following new paragraphs:

"(2) WAIVER OF EXEMPTION IN THE CASE OF MINISTERS.—An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders and perform such service in the exercise of duties required by such order or orders, other than a member of a religious order who has taken a vow of

poverty as a member of such order, and that at least two-thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate pursuant to paragraph (1) with respect to such employees.

"(3) LIST TO ACCOMPANY CERTIFICATE.—A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"(4) EFFECTIVE PERIOD OF WAIVER.—A certificate filed pursuant to paragraph (1) or paragraph (2)

shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate: (i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect (as determined under subparagraph (A) or (B), whichever is applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom

subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"(5) TERMINATION OF WAIVER PERIOD BY ORGANIZATION.—The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a certificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years. The notice of termination may be revoked by the organization by

giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter."

(c) The paragraph of such section 1426 (l) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: "If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organization pursuant to paragraph (2) shall also be terminated at the same time."

(d) The paragraph of such section 1426 (l) herein redesignated as paragraph (7) is amended to read as follows:

"(7) NO RENEWAL OF WAIVER.—In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph."

(e) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed

prior to January 1, 1955, under section 1426 (l) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (l) (2) of the Internal Revenue Code is in effect for any calendar quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which constitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed. Deductions under section 203 of the Social Security Act shall not be made, from any benefits under such Act certified and paid prior to the date on which a certificate is filed pursuant to section 1426 (l) of the Internal Revenue Code, on account of services, rendered prior to such date, which constitute employment by reason of the filing of such certificate; except that, for purposes of section 215 (f) of such Act, deductions which would have been imposed under such section 203, had such certificate been filed at the beginning of the period for which it is in effect, shall be deemed to have been imposed.

CHANGES IN TAX SCHEDULES

SEC. 208. (a) Paragraph (5) of section 480 of the Internal Revenue Code is amended by striking out "4⅞ per centum" and inserting in lieu thereof "5¼ per centum".

(b) Paragraph (6) of section 1400 and paragraph (6) of section 1410 of the Internal Revenue Code, are each amended by striking out "3¼ per centum" and inserting in lieu thereof "3½ per centum".

TITLE III—MISCELLANEOUS PROVISIONS

AMENDMENT PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 301. Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954".

CROSS REFERENCES TO REDESIGNATED PROVISIONS

SEC. 302. References in the Internal Revenue Code, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this Act, and references in the Social Security Act, the Railroad Retirement Act of 1937, as amended, or any other law of

the United States to any section or subdivision of a section of the Internal Revenue Code redesignated by this Act, shall be deemed to refer to such section or subdivision of a section of the Social Security Act and the Internal Revenue Code, respectively, as so redesignated.

83D CONGRESS
2D SESSION

H. R. 7199

A BILL

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

By Mr. REED of New York

JANUARY 14, 1954

Referred to the Committee on Ways and Means

83D CONGRESS
2D SESSION

H. R. 8780

IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 1954

Mr. BENNETT of Michigan introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, reduce the age at which such benefits become payable, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Act Amendments of 1954".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

EXTENSION OF COVERAGE

DOMESTIC SERVICE, SERVICE NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);".

(2) Section 209 (g) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer

and does not include service described in section 210 (f) (5);".

(3) Section 209 (h) of such Act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50;".

(4) Section 210 (a) (1) of such Act is amended to read as follows:

"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(5) Such Act is amended by striking out paragraph (3) of section 210 (a) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14) of such section, and references thereto, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is

amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not an American citizen or (ii) the employer is not an American employer".

CERTAIN FEDERAL EMPLOYEES

(c) (1) Clause (ii) of subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Such subparagraph (B) is further amended by striking out "or" at the end of clause (iii), inserting "or" at the end of clause (iv), and adding the following new clause at the end of such subparagraph:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and

physical improvement of personnel of the Coast Guard;".

(3) Such Act is amended by striking out clause (iii) of subparagraph (C) of the paragraph of section 210 (a) herein redesignated as paragraph (6) and redesignating clauses (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), and (xiii) of such subparagraph, and references thereto, as clauses (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), and (xii), respectively.

(4) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

MINISTERS

(d) The paragraph of section 210 (a) of the Social

Security Act herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this sub-

paragraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (l) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

INTERNES

(e) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (13) is amended by striking out all after the first semicolon therein.

FISHING AND RELATED SERVICE

(f) The Social Security Act is amended by striking out paragraph (15) of section 210 (a) and redesignating paragraphs (16) and (17) of such section, and references thereto, as paragraphs (14) and (15), respectively.

HOMEWORKERS

(g) Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements

under the laws of the State in which such services are performed".

FARMERS AND PROFESSIONAL SELF-EMPLOYED

(h) (1) Section 211 (a) of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and references thereto, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such section the following new sentence: "In the case of any trade or business carried on by an individual in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income (computed under the preceding provisions of this subsection) derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection,

would be less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900."

(2) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".

(3) Section 211 (c) of such Act is amended by striking out paragraph (5), by striking out "; or" at the end of paragraph (4) and inserting a period in lieu thereof, and by inserting "or" at the end of paragraph (3).

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

(i) (1) Section 218 (d) of such Act is amended by striking out "EXCLUSION OF" in the heading, by inserting "(1)" after "(d)", and by striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions specified in paragraph (5) of this subsection and in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to

the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A))". Such section is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered under a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but excluding positions specified in paragraph (5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was held on the question whether service in positions covered

by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to the employees who, at the time the referendum was held, were in positions then covered by such retirement system and were members of such system (other than employees who were not in such positions at the time notice of such referendum was given as required by subparagraph (C); other than employees in positions to which, at the time the referendum was held, the State agreement already applied; and other than employees in positions specified in paragraph (5));

"(C) Ninety days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

"(E) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.

No referendum with respect to a retirement system shall be valid for the purposes of this paragraph unless held within

the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after any prior referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system;

"(B) all employees in positions which were covered by such system at any time after such date; and

"(C) all employees in positions which were covered by such system at any time before such date and to which the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system.

"(5) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position or in any position covered by a retirement system

applicable exclusively to positions in one or more law-enforcement or fire-fighting units, agencies, or departments.

"(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to each political subdivision concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State."

(2) Section 218 (f) of such Act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1957, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1956, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

The amendments made by paragraph (1) of this subsection shall take effect January 1, 1955. Deductions under section 203 of the Social Security Act shall not be made, from any benefits under such Act certified and paid prior to the date an agreement or modification of an agreement is agreed to (after 1954) under section 218 of such Act, on account of services, rendered prior to such date, to which such agreement or modification, as the case may be, is applicable; except that, for purposes of section 215 (f) of such Act, deductions which would have been imposed under such section 203 had such agreement or modification, as the case may be, been agreed to on the date it became effective shall be deemed to have been imposed.

(3) Section 218 (m) (1) of such Act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)".

(4) Section 218 of such Act is amended by adding at the end thereof the following new subsection:

"MICHIGAN STATE AND LOCAL HIGHWAY EMPLOYEES

"(n) Notwithstanding subsection (d), the agreement with the State of Michigan may be modified pursuant to subsection (c) (4) so as to apply to services performed by employees of a highway or road department or commission of the State, or any political subdivision thereof, to which the agreement does not already apply because such services were performed in positions covered by a retirement system on the date the agreement was made applicable to the coverage group to which the employees belonged, if such positions are not covered by a retirement system on the date the agreement is made applicable to such services. Such modification shall, notwithstanding subsection (f), be effective with respect to services performed after an effective date specified therein, but in no case prior to January 1, 1951."

EFFECTIVE DATES

(j) The amendment made by paragraph (2) of subsection (h) shall be applicable only with respect to taxable years beginning after 1950. The amendments made by paragraphs (1) and (3) of such subsection shall be applicable only with respect to taxable years beginning after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to

remuneration paid after 1954. The amendments made by paragraphs (4) and (5) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. The amendment made by paragraph (4) of subsection (c) shall become effective January 1, 1955. The other amendments made by this section (other than the amendments made by subsection (i)) shall be applicable only with respect to services performed after 1954.

INCREASE IN BENEFIT AMOUNTS

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"Primary Insurance Amount

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after the last day of the month following the month in which the Social Security Amendments of 1954 are enacted, or who dies after such day and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing

after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraph (1) of subsection (b) of such section is amended by striking out "except that when the number of such elapsed months thus computed is less than eighteen, it shall be increased to eighteen" and inserting in lieu thereof "except that (i) if the number of such elapsed months as thus computed is less than eighteen, it shall be increased to eighteen, or (ii) if the number of such elapsed months as thus computed and after the application of para-

graph (5) is less than twenty-four, it shall be increased to twenty-four".

(2) Such subsection is further amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual, the Secretary shall determine the four or fewer calendar years, which, if the months thereof elapsing after his starting date and prior to his divisor closing date, together with the wages and self-employment income for such years, were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such elapsed months of the years so determined and the wages and self-employment income for such years shall be excluded for purposes of computing such individual's average monthly wage."

(c) Subsection (c) of such section is amended to read as follows:

"DETERMINATIONS MADE BY USE OF THE CONVERSION TABLE

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table

on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I	II	III	IV
"If the primary insurance benefit (as determined under subsection (d) is—	Or the primary insurance amount (as determined under subsection (d) is—	The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	And the average monthly wage for purposes of computing maximum benefits shall be—
$10 to $12.50	$25.00 to $30.00	$35.00	$63.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under applicable regulations of the Secretary in effect on January 1, 1954, increased, if it is not then a multiple of $0.10, to the next higher multiple of $0.10. The amount so determined for any individual shall be increased to the extent, if any, it is less than $5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under such applicable regulations.

"(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this paragraph for an individual whose primary insurance benefit would (under the regulations referred to in such subparagraph) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such regulations) pro-

duce such primary insurance amount or if such primary insurance amount is higher than the amount appearing in column II on the line on which in column I appears the highest primary insurance benefit, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be determined by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, increased, if it is not a multiple of $0.10, to the next higher multiple of $0.10, and further increased to the extent (if any) it is less than $5 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of the paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection

shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount For Purposes of Conversion Table".

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits".

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage)" after "individual".

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this Act, the following new paragraph:

"(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior

to the enactment of this paragraph, except that the amendments made by sections 104, 106, and 107 of the Social Security Amendments of 1954 (relating, respectively, to increase in earnings counted, periods of disability, and technical amendments) shall, to the extent provided by such sections, be applicable to such computation."

(e) Section 203 (a) of such Act is amended by striking out "$168.75" and "$45" wherever they occur and inserting in lieu thereof "$190" and "$55", respectively.

(f) (1) The amendments made by the preceding subsections shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after, the effective date of this Act. As used in this and the succeeding subsections of this section, the "effective date" is the last day of the month following the month in which this Act is enacted.

(2) (A) The amendments made by subsection (b) (2) shall be applicable only in the case of an individual (i) who does not become eligible for benefits under section 202 (a) of the Social Security Act until after the effective date, or (ii) who dies after such effective date and without becoming eligible for benefits under such section 202 (a), or (iii)

who files, after the effective date, an application for a recomputation under section 215 (f) (2) of the Social Security Act, to which he is (or would, but for the provisions of section 215 (f) (7) of such Act, be) entitled, or (iv) (subject to the provisions of subparagraph (B)) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such Act), or (v) who files, after the effective date, an application for a disability determination (as provided in section 216 (i) of such Act), or (vi) who dies after the effective date and whose survivors are (or would, but for the provisions of section 215 (f) (7) of such Act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such Act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was or would, upon filing application therefor in such month, have been entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Security Act who was or, upon filing application therefor, would have been entitled to such benefits for the month in which the effective date occurs and with respect to whom not less than six of the quarters elapsing after June 30, 1953 are quarters of coverage, the Secretary of Health, Education,

and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application by him or, if he dies without filing such an application, by any person entitled to monthly survivor's benefits under section 202 of such Act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act (other than subsection (f) thereof) for computation of such individual's primary insurance amount, except that his closing dates, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective for and after the month in which the application therefor was filed by such individual or if such application was filed by a person entitled to monthly survivor's benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivor's benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results

in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(C) No increase in any benefit by reason of the amendments made by this section (other than subsection (i)) or by reason of subparagraph (B) of this paragraph shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(g) Effective with the beginning of the second month following the month in which this Act is enacted, section 2 (c) (2) (B) of the Social Security Act Amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after the month following the month in which the Social Security Amendments of 1954 are enacted."

(h) (1) Where—

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such act for the month in which the effective date occurs;

(B) two or more other persons were entitled (with-

out the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this Act,

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this Act; or

(E) the amount determined pursuant to such section, as in effect prior to the enactment of this Act, for the month in which the effective date occurs plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsection of this section had been applicable in the case of such benefit for such month

over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act Amendments of 1952 for the month in which the effective date occurs plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month.

(2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such Act for the month in which the effective date occurs on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended

by this Act, to 80 per centum of such individual's average monthly wage,

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall, for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such Act, as amended by this Act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this Act, plus $7.

(i) (1) Subparagraphs (B) and (C) of section 215 (f) (2) of such Act are amended to read as follows:

"(B) upon application by an individual entitled to old-age insurance benefits who, in or before the month of filing such application, attained the age of 75, and with respect to whom, at the time he became entitled to old-age insurance benefits, less than six of the quarters elapsing after 1950 were quarters of coverage, the Secretary shall recompute his primary insurance amount if not less than six of the quarters elapsing after 1950 and prior to the quarter in which he filed such application for recomputation are quarters of coverage, and

if his primary insurance amount has not previously been recomputed under this paragraph.

"(C) A recomputation under subparagraphs (A) and (B) of this paragraph shall be made only as provided in subsection (a) (1) (other than clause (B) thereof) and shall take into account only such wages and self-employment income as would be taken into account under subsection (b) if the month in which application for recomputation is filed were deemed to be the month in which the individual became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the month in which such application for recomputation is filed."

(2) The amendments made by this subsection shall be applicable in the case of applications for recomputation filed after the effective date of this Act.

AMENDMENTS RELATING TO DEDUCTIONS FROM BENEFITS

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of seventy-five and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of seventy-five and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or".

(b) (1) Section 203 (c) of such Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-five and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of seventy-five and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such Act is amended to read as follows: "The charging of earn-

ings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such Act is amended to read: "MONTHS TO WHICH EARNINGS ARE CHARGED".

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year of twelve months are not more than $1,200, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than the product of one-twelfth of $1,200 times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of twelve months are in excess of $1,200, the amount of his earnings in excess of $1,200 shall be charged to months as follows: The first $100 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rates of $100 per month to each preceding month in such year to which such charging is not prohibited by the

last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of one-twelfth of $1,200 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $100 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $100 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided

in paragraph (4) of this subsection) of more than $100."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $100 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year means (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211, other than clauses (1) and (4) of subsection (c), shall be applicable; and any excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services (which do not constitute employment as defined in section 210) performed within the United States by the

individual as an employee shall be deemed to be employment as so defined, if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purpose of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year."

(e) Section 203 (f) of such Act is amended to read as follows:

"Penalty for Failure To Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who

fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this paragraph in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month."

(f) (1) The heading of section 203 (g) of such Act is amended to read:

"REPORT OF EARNINGS TO SECRETARY"

(2) The first sentence of paragraph (1) of section 203 (g) of such Act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of one-twelfth of $1,200 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

(3) Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required

under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month (of such year) for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month (of such year) for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month (of such year) for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deduc-

tions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

(4) Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)"; by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such a request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

(g) Section 203 of such Act is amended by adding at the end thereof the following new subsection:

"Noncovered Remunerative Activity Outside the United States

"(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which is not includible in computing his net earnings from self-employment for a taxable year and the net income or loss of which would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the provisions of clauses (1) to (6), both inclusive, of section 211 (a). When used in the preceding provisions of this subsection with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands)."

(h) Such section is further amended by adding after

subsection (k) (added by subsection (g) of this section) the following new subsection:

"Good Cause for Failure To Make Reports Required

"(l) The failure of an individual to make any report required by subsection (f) or (g) shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(i) (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsection (e) and (g), and by paragraph (2)

of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h)) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

(2) No deduction shall be imposed after the enactment of this Act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such enactment, on account of failure to file a report of an event, to which subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such enactment) is applicable; and no such deduction imposed prior to such enactment shall be collected after such enactment. In determining whether, under section 203 (g) (2) of the Social Security

Act, as amended by this Act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;".

(b) Paragraph (1) of subsection (b) of section 211 of such Act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) for any taxable year beginning prior to

1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) for any taxable year beginning after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such Act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, or equal $4,200 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and before 1955, or $4,200 in the case of a taxable year beginning after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage; and".

(d) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and prior to 1955, and the excess over $4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and".

RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth".

(b) (1) The amendment made by subsection (a) shall be applicable only in the case of applications filed after the effective date of this Act for monthly benefits under section 202 of the Social Security Act for months after the effective date of this Act.

(2) Any individual who files application after the effective date of this Act for monthly benefits under any subsection of section 202 of the Social Security Act who would, but for the enactment of this Act, be entitled to benefits under such subsection (as in effect prior to such enactment) for any month prior to the day following the effective date of

this Act shall be deemed entitled to such benefits for such month prior to the day following the effective date of this Act to the same extent and in the same amounts as though this Act had not been enacted.

(3) As used in this subsection, the effective date of this Act is the last day of the month following the month in which this Act is enacted.

PRESERVATION OF INSURANCE RIGHTS OF INDIVIDUALS WITH EXTENDED TOTAL DISABILITY

SEC. 106. (a) (1) Section 213 (a) (2) (A) of the Social Security Act is amended to read as follows:

"(A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages, except that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a

period of disability, other than the initial quarter of such period."

(2) Section 213 (a) (2) (B) (i) of such Act is amended to read as follows:

"(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;".

(b) (1) Section 214 (a) (2) of the Social Security Act is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) forty quarters of coverage,

not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage."

(2) Section 214 (b) of such Act is amended by striking out the period and inserting in lieu thereof: ", not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage."

(c) (1) Section 215 (b) (1) of the Social Security Act is amended by inserting after "excluding from such

elapsed months any month in any quarter prior to the quarter in which he attained the age of twenty-two which was not a quarter of coverage" the following: "and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage".

(2) Section 215 (b) (4) of such Act is amended to read as follows:

"(4) Notwithstanding the preceding provisions of this subsection, in computing an individual's average monthly wage, there shall not be taken into account—

"(A) any self-employment income of such individual for taxable years ending in or after the month in which he died or became entitled to old-age insurance benefits, whichever first occurred;

"(B) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage; and

"(C) any self-employment income of such individual for any taxable year all of which was included in a period of disability."

(3) Section 215 (d) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual to whom paragraph

(1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein; except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted."

(d) Section 216 of the Social Security Act is amended by adding after subsection (h) the following new subsection:

"Disability; Period of Disability

"(i) (1) The term 'disability' means (A) inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term 'blindness' means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or

employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

"(2) The term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with respect to such period. Except as provided in paragraph (4), a period of disability shall begin—

"(A) if the individual satisfies the requirements of paragraph (3) on such day,

"(i) on the day the disability began, or

"(ii) on the first day of the one-year period which ends with the day before the day on which the individual files such application,

whichever occurs later;

"(B) if such individual does not satisfy the requirements of paragraph (3) on such day, on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the month in which the disability ceases. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to April 1, 1955, shall be accepted.

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

"(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

"(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter.

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), of this paragraph any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"(4) If an individual files an application for a disability determination after March 1955, and before July 1957, with respect to a disability which began before July 1956,

and continued without interruption until such application was filed, then the beginning day for the period of disability shall be—

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

"(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements."

(e) Title II of the Social Security Act is amended by adding after section 219 the following new sections:

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

"DISABILITY DETERMINATIONS

"SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability

began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

"(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in the State as may be designated in the agreement at the State's request.

"(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, determine that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

"(d) Any individual dissatisfied with the Secretary's determination under subsection (a), (c), or (g) shall be

entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205 (g).

(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Fund at the time or times fixed by the Secretary, in accordance with such certification.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money which is so paid which is not used for such purposes

shall be returned to the Treasury of the United States for deposit in the Trust Fund.

"(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

"REFERRAL FOR REHABILITATION SERVICES

"SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity."

(f) Notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, the amendments made by subsections (a), (b), (c), and (d) of this section shall apply to monthly benefits under title II of the Social Security Act for months after June 1955, and to lump-sum

death payments under such title in the case of deaths occurring after June 1955; but no recomputation of benefits by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

TECHNICAL PROVISIONS

SEC. 107. (a) Section 215 (f) of the Social Security Act is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

"(6) In the case of any individual—

"(A) (i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits in 1955 or 1956 or in a taxable year which began in 1956, or

"(ii) who died in 1955 or 1956 or in a taxable year which began in 1956 and who, if he was entitled to old-age insurance benefits for any month prior to 1955, would have been entitled to a recomputation under paragraph (2) of this subsection if he had filed an application therefor in the month in which he died, or

"(iii) who filed an application for recomputation under paragraph (2) of this subsection in 1955 or 1956 or in a taxable year which began in 1956 and was entitled to such recomputation, and

"(B) who had self-employment income for a taxable year which ended within or with 1955 or 1956 or which began in 1956,

then upon application filed after the close of such taxable year by such individual or (if he died without filing such application) by a person entitled to monthly survivor's benefits on the basis of such individual's wages and self-employment income, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section (other than subsection (b) (4) (A)) for computation of such amount, except that (A) the self-employment income closing date shall be the day following the quarter with or within which such taxable year ended, and (B) the self-employment income for any taxable year subsequent to the taxable year in which such recomputation is effective shall not be taken into account. Such recomputation shall be effective (A) in the case of an application filed by an individual to whom clause (A) (i) of the first sentence of this paragraph applies, for and after the first month in which he became entitled to old-age insurance benefits, (B) in the case of an application filed by an individual to whom clause (A) (iii) of the first sentence of this paragraph applies, for and after the month in which he filed the application referred to in such clause, and (C)

in the case of an application filed by any other person, for and after the month in which such person became entitled to monthly survivor's benefits on the basis of the wages and self-employment income of the individual referred to in subparagraph (A) of the first sentence of this paragraph. No recomputation under this paragraph pursuant to an application filed after the death of the individual referred to in such subparagraph (A) shall affect the amount of the lump-sum death payment under subsection (i) of section 202, and no such recomputation shall render erroneous any such payment certified by the Secretary prior to the effective date of the recomputation."

(b) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits under section 202 of such Act after 1954 and prior to July 1, 1957, his wage closing date, for purposes of section 215 (b) of such Act, shall be whichever of the following yields the highest primary insurance amount:

(1) The first day of the quarter in which he died or become entitled to old-age insurance benefits, whichever first occurred;

(2) The first day of the quarter preceding such quarter, but only if such quarter of death or entitlement is a quarter ending on June 30; or

(3) The day specified in section 215 (b) (3) (A) of such Act.

(c) Section 215 (b) (3) (A) of the Social Security Act is amended by striking out the period and inserting in lieu thereof ", or, if such first day is the first day of the quarter following the quarter in which occurs such individual's self-employment income closing date and if it would result in a higher primary insurance amount for such individual, the first day of the quarter in which occurs his self-employment income closing date." The amendment made by this subsection shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after the effective date, in the case of applications for recomputation under section 215 (f) (2) of such Act (to which the individual filing the application is entitled) filed after the effective date, and in the case of lump-sum death payments under such section 202 with respect to the death after the effective date of any individual who was not entitled to monthly benefits under section 202 (a) of such Act (without the application of section 202 (j) (1) of such Act) prior to the day following the effective date. As used in the preceding sentence, the "effective date" is the last day of the month following the month in which this Act is enacted.

(d) As used in the provisions of the Social Security

Act amended by this title, the term "Secretary", except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

Age at Which Benefits Are Payable

SEC. 108. (a) Section 216 (a) of the Social Security Act is amended by striking out "age sixty-five" and inserting in lieu thereof "age sixty-two."

(b) Section 202 (e) (1) (B) of such Act is amended by striking out "has attained retirement age" and inserting in lieu thereof "has attained age fifty-five".

(c) The amendments made by subsections (a) and (b) shall apply only with respect to (1) monthly benefits under section 202 of the Social Security Act for months after the month in which this Act is enacted, and (2) lump-sum death payments under such section 202 with respect to deaths occurring on and after the date of the enactment of this Act.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

AMENDMENTS TO DEFINITIONS OF SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

SEC. 201. (a) The Internal Revenue Code is amended by striking out paragraph (2) of section 481 (a) and redesignating paragraphs (3), (4), (5), (6), and (7), and references thereto, as paragraphs (2), (3), (4), (5), and

(6), respectively, and by adding at the end of such section the following new sentence: "In the case of any trade or business carried on by an individual in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income (computed under the preceding provisions of this subsection) derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900."

(b) Paragraph (1) of section 481 (b) of the Internal Revenue Code is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year beginning prior to

1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year beginning after 1954 (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraph (5), by striking out "; or" at the end of paragraph (4) and inserting a period in lieu thereof, and by inserting "or" at the end of paragraph (3).

(d) The amendments made by subsections (a), (b), and (c) of this section shall be applicable only with respect to taxable years beginning after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) The first sentence of section 1401 (d) (3) is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's

wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $4,200, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $4,200 of such wages received."

(b) Section 1401 (d) (4) (A) of such code is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $4,200 for any calendar year after 1954,".

(c) The second sentence of section 1420 (e) of the Internal Revenue Code is amended by inserting "in the case of the calendar year 1951, 1952, 1953, or 1954, or the $4,200 limitation in such section in the case of any calendar year after 1954" after "the $3,600 limitation in section 1426 (a) (1)".

(d) The amendments made by subsections (a), (b), and (c) shall be applicable only with respect to remuneration paid after 1954.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

SEC. 203. (a) Section 1420 (e) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality."

(b) The amendment made by subsection (a) shall become effective January 1, 1955.

AMENDMENTS TO DEFINITION OF WAGES

SEC. 204. (a) Paragraph (1) of section 1426 (a) of the Internal Revenue Code is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$4,200".

(b) (1) Subparagraph (B) of section 1426 (a) (7) of the Internal Revenue Code is amended to read as follows:

"(B) Cash remuneration paid by an employer in

any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (h) (5) ;".

(2) Section 1426 (a) (7) of the Internal Revenue Code is amended by adding at the end thereof the following new subparagraph:

"(C) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (h) (5) ;".

(3) Section 1426 (a) (8) of the Internal Revenue Code is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

"(B) Cash remuneration paid by an employer in any calendar quarter to an employee for agricultural

labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50;".

(c) The amendments made by subsections (a) and (h) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. 205. (a) Section 1426 (b) (1) of the Internal Revenue Code is amended to read as follows:

"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(b) The Internal Revenue Code is amended by striking out paragraph (3) of section 1426 (b) and by redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14) of such section, and references thereto, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B)

(i) such individual is not an American citizen or (ii) the employer is not an American employer".

(d) (1) Clause (ii) of subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended by inserting "a Federal home loan bank," after "a Federal Reserve bank,".

(2) Such subparagraph (B) is further amended by striking out "or" at the end of clause (iii), inserting "or" at the end of clause (iv), and adding the following new clause at the end of such subparagraph:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(3) The Internal Revenue Code is amended by striking out clause (iii) of subparagraph (C) of the paragraph of such section 1426 (b) herein redesignated as paragraph (6) and redesignating clauses (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), and (xiii) of such subparagraph,

and references thereto, as clauses (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), and (xii), respectively.

(e) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed, in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such

order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

(f) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (13) is amended by striking out all after the first semicolon therein.

(g) The Internal Revenue Code is amended by striking out paragraph (15) of section 1426 (b) and redesignating paragraphs (16) and (17) of such section, and references thereto, as paragraphs (14) and (15), respectively.

(h) The amendments made by subsections (c), (d), (e), (f), and (g) shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 206. (a) Subparagraph (C) of section 1426 (d) (3) of the Internal Revenue Code is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

WAIVER OF TAX EXEMPTION BY NON-PROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

SEC. 207. (a) Paragraph (1) of section 1426 (l) of the Internal Revenue Code is amended by inserting "(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order)" after "service" in the first sentence, by striking out "two-thirds of its employees" and inserting in lieu thereof "two-thirds of its employees performing service to which this paragraph is applicable" in such sentence, and by deleting so much of the section as follows the first sentence.

(b) Such section 1426 (l) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7),

respectively, and by adding after paragraph (1) the following new paragraphs:

"(2) WAIVER OF EXEMPTION IN THE CASE OF MINISTERS. An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders and perform such service in the exercise of duties required by such order or orders, other than a member of a religious order who has taken a vow of poverty as a member of such order, and that at least two-thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate

pursuant to paragraph (1) with respect to such employees.

"(3) LIST TO ACCOMPANY CERTIFICATE. A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"(4) EFFECTIVE PERIOD OF WAIVER.—A certificate filed pursuant to paragraph (1) or paragraph (2) shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such cer-

tificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate: (i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect (as determined under subparagraph (A) or (B), whichever is applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social

Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"(5) TERMINATION OF WAIVER PERIOD BY ORGANIZATION.—The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a certificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such

official, as may be prescribed by regulations made under this subchapter."

(c) The paragraph of such section 1426 (l) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: "If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organization pursuant to paragraph (2) shall also be terminated at the same time."

(d) The paragraph of such section 1426 (l) herein redesignated as paragraph (7) is amended to read as follows:

"(7) NO RENEWAL OF WAIVER.—In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph."

(e) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed prior to January 1, 1955, under section 1426 (l) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (l) (2) of the Internal Revenue Code is in effect for any calendar

quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which constitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed. Deductions under section 203 of the Social Security Act shall not be made, from any benefits under such Act certified and paid prior to the date on which a certificate is filed pursuant to section 1426 (l) of the Internal Revenue Code, on account of services, rendered prior to such date, which constitute employment by reason of the filing of such certificate; except that, for purposes of section 215 (f) of such Act, deductions which would have been imposed under such section 203, had such certificate been filed at the beginning of the period for which it is in effect, shall be deemed to have been imposed.

CHANGES IN TAX SCHEDULES

SEC. 208. (a) Paragraph (5) of section 480 of the Internal Revenue Code is amended by striking out "4⅞ per centum" and inserting in lieu thereof "5¼ per centum".

(b) Paragraph (6) of section 1400 and paragraph (6) of section 1410 of the Internal Revenue Code, are each

amended by striking out "3¼ per centum" and inserting in lieu thereof "3½ per centum".

TITLE III—MISCELLANEOUS PROVISIONS

Amendment Preserving Relationship Between Railroad Retirement and Old-Age and Survivors Insurance

Sec. 301. Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954".

Cross References to Redesignated Provisions

Sec. 302. References in the Internal Revenue Code, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this Act, and references in the Social Security Act, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Internal Revenue Code redesignated by this Act, shall be deemed to refer to such section or subdivision of a section of the Social Security Act and the Internal Revenue Code, respectively, as so redesignated.

83D CONGRESS
2D SESSION

H. R. 8780

A BILL

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, reduce the age at which such benefits become payable, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

By Mr. BENNETT of Michigan

APRIL 12, 1954

Referred to the Committee on Ways and Means

SOCIAL SECURITY AMENDMENTS OF 1954

REPORT

OF THE

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. R. 9366

A BILL TO AMEND THE SOCIAL SECURITY ACT AND THE INTERNAL REVENUE CODE SO AS TO EXTEND COVERAGE UNDER THE OLD-AGE AND SURVIVORS INSURANCE PROGRAM, INCREASE THE BENEFITS PAYABLE THEREUNDER, PRESERVE THE INSURANCE RIGHTS OF DISABLED INDIVIDUALS, AND INCREASE THE AMOUNT OF EARNINGS PERMITTED WITHOUT LOSS OF BENEFITS, AND FOR OTHER PURPOSES

MAY 28, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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83D CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 1698

SOCIAL SECURITY AMENDMENTS OF 1954

MAY 28, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. REED of New York, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H. R. 9366]

I. PURPOSE AND SCOPE OF THE BILL

Your committee has considered all aspects of the old-age and survivors insurance program, aided by the extensive analysis made by its Subcommittee on Social Security.

A major shortcoming of the present program is its inadequate coverage. As long as coverage is not substantially universal, large numbers of people reaching age 65 will either be wholly without the protection the program affords or be eligible for benefits which are reduced because they are based on only part of the individual's earnings. Your committee is recommending substantially universal coverage.

Extension of coverage is fundamental to securing for the future an appropriate relationship between the old-age and survivors insurance and the old-age assistance programs. Old-age and survivors insurance has responsibility for providing a floor of protection against dependency for the aged retired worker and his dependents and for the dependent survivors of workers who die. Old-age assistance is a secondary line of defense. After the extension of coverage in 1950, which brought some 10 million additional workers under the system, the percentage of aged receiving old-age and survivors insurance benefits increased rapidly, while old-age assistance declined. In 1950, 22.5 percent of the aged persons in the country were receiving old-age assistance and 17.1 percent were receiving old-age and survivors insurance. By the end of 1953, 19.0 percent of the aged persons were receiving old-age assistance as compared with 34.4 percent receiving old-age and survivors insurance benefits, with an additional 13 percent eligible for benefits but not receiving them because they had not

retired. With the further extension of coverage recommended by your committee, it is estimated that 75 percent of all persons over 65 will be eligible for insurance benefits by 1960 as compared to 47 percent at the present time.

Your committee regards as of special significance the extension of coverage to the farm population. A little over one-half of the presently noncovered groups are farmers and farmworkers. In counties where more than 50 percent of the population lives on farms, 31 percent of the aged are now receiving old-age assistance and 13 percent old-age and survivors insurance. In nonfarm counties, on the other hand, only 17 percent receive old-age assistance, while 36 percent receive old-age and survivors insurance benefits. These data illustrate the fact that where coverage of the old-age and survivors insurance program is more complete, old-age assistance more nearly assumes its proper role as a subsidiary program. With extension of old-age and survivors insurance coverage to farmers and farmworkers, far more of these workers will be qualifying for benefits under old-age and survivors insurance and thus have less need of old-age assistance.

Another advantage of extending coverage to these and other groups now outside the system is that not only more of the aged but also more of the young widows and children will be receiving benefits without a means test. Accordingly, these old-age and survivors insurance beneficiaries are able to maintain a sense of their own continued independence and of their dignity and worth as individuals, even though their support from earnings has been cut off by the retirement or death of the insured worker. The knowledge that benefits will be paid irrespective of whether the individual is in need supports and stimulates his own thrift and initiative, since he can add his personal savings (including home ownership and insurance), as well as pensions he may receive as a result of his work, to the basic old-age and survivors insurance benefits.

The protection afforded by the program may be considered adequate only when benefits are high enough, when added to savings and assets normally accumulated, so most beneficiaries will not have to apply for public assistance for the ordinary expenses of living. A first step in accomplishing this objective is to correct the conditions which result in very low benefits which some individuals receive under the program.

Your committee is making recommendations which will attack the basic causes for most of these low benefits, through provisions assuring that benefits will more realistically reflect the individual's actual earnings on which he customarily depends for his support. Extension of coverage will in itself contribute to a more adequate level of benefit payments by assuring that all of an individual's earnings can be counted toward his benefit payments, regardless of his type of work. Further than this, allowance is made for disregarding limited periods of low or no earnings usually occasioned by short-term absence from covered work. Such periods should not be permitted to distort the level of earnings used as the basis for benefit computation.

Long periods of absence from covered work generally indicate that the individual has not been dependent on his own earnings from work for support, and benefits are properly reduced or not paid under such circumstances. An important exception to this principle, however, is the case of workers who are out of employment by reason of a total

disability lasting for an extended period of time. Your committee has recommended special provisions to prevent loss or reduction of benefit rights on account of disability. The committee considers it very important that disabled persons be helped to return to self-supporting employment wherever possible. The special provisions recommended by your committee are expected to stimulate the referral of handicapped persons to the State vocational rehabilitation programs.

The goal of providing an adequate floor of protection through the benefits paid under the old-age and survivors insurance system further requires that the level of benefits be adjusted at this time. Your committee is recommending that benefit payments now be increased, both for future beneficiaries and for the 6.3 million persons now on the rolls.

In recommending increased benefits, your committee has been conscious of the importance of preserving the wage-related character of the old-age and survivors insurance system, and of accomplishing these increases in such a way as to preserve a reasonable differential between minimum and maximum benefits related to differences in individual earnings. Differential wage payments in our economy reflect differences in individual productivity, differences in costs of living in the various sections of the country, and differences in individual standards of living. The benefits under the social insurance system should give recognition to these differences in individual earnings.

Your committee believes that the program should continue to pay benefits to insured workers who are 65 years of age and over only when they are substantially retired from gainful employment. Your committee believes, however, that more recognition should be given to the value to retired workers of continuing to do some work to the extent they are able. Older people should be freer than at present to take part-time, intermittent, or seasonal work after they retire without losing their benefits. Your committee recommends, therefore, a more liberal and flexible test, applied on an annual basis for wage earners as well as for self-employed persons who are so treated under present law. An increase in the amount that a retired worker may earn while continuing to receive his benefits is also provided.

II. Summary of Principal Provisions of the Bill

A. Old-age and survivors insurance

1. *Extension of coverage.*—Old-age and survivors insurance coverage would be extended to approximately 10 million persons who work during the course of a year in jobs now excluded from the program. The groups brought into the program under the bill are as follows:

(*a*) Self-employed farm operators whose net earnings from farm self-employment total $400 or more in a year, with a special provision to make it easier for low-income farm operators to compute their net earnings (about 3.6 million).

(*b*) Professional self-employed persons now excluded, other than physicians, whose net earnings from professional self-employment total $400 or more in a year, including lawyers, dentists, architects, engineers, accountants, funeral directors, osteopaths, chiropractors, veterinarians, naturopaths, optometrists, ministers, and Christian Science practitioners (about 400,000).

(*c*) Employees of State and local governments who are covered by State and local retirement systems, other than policemen and firemen, under voluntary agreements between the State and the Federal Government, if a majority of the members of the system vote in a referendum and two thirds of those who vote favor coverage (about 3.5 million).

(*d*) Farmworkers who are paid at least $200 by a given employer in a calendar year, with special provisions to coordinate the annual earnings test with the quarterly insured status requirements (about 1.3 million).

(*e*) Domestic workers in private nonfarm homes (and others who perform work not in the course of the employer's trade or business) who are paid $50 in cash wages by an employer in a calendar quarter but who do not meet the 24-day test required in the present law (about 250,000).

(*f*) Ministers and members of religious orders employed by nonprofit organizations if the organization elects to cover them and if at least two-thirds of such individuals elect to be covered (about 250,000).

(*g*) Most Federal employees not covered by retirement systems, including temporary employees in the field service of the Post Office Department, census-taking employees of the Bureau of the Census, civilian employees of Coast Guard post exchanges, and certain other groups, and also employees of district Federal Home Loan Banks and the Tennessee Valley Authority, who have retirement systems (about 150,000).

(*h*) American citizens employed outside of the United States by foreign subsidiaries of American employers, under voluntary agreements between the Federal Government and the parent American company (about 100,000).

(*i*) Those homeworkers who are now excluded from employee coverage (although they may now be covered as self-employed persons) because the services they perform are not subject to State licensing laws (about 100,000).

(*j*) Certain employees engaged in fishing and related activities, either on vessels of 10 net tons or less or on shore (about 50,000).

(*k*) American citizens employed by American employers on vessels and aircraft of foreign registry (very few people involved).

2. *Computation of average monthly wage.*—Up to 5 years in which earnings were lowest (or nonexistent) could be dropped from the computation of the average monthly wage.

3. *Earnings base.*—The total annual earnings on which benefits would be computed and contributions paid is raised from $3,600 to $4,200.

4. *Increase in benefits.*—(*a*) More than 6.3 million persons now on the benefit rolls would have their benefits increased. The average increase for retired workers would be about $6 a month, with proportionate increases for dependents and survivors. The range in primary insurance amounts would be $30 to $98.50 as compared to $25 to $85 under present law.

(*b*) Persons who retire or die in the future would, in general, have their benefits computed by the following new formula: (i) 55 percent of the first $110 of average monthly wage (rather than $100 as in present law) plus 20 percent of the next $240 (rather than 15 percent

of the next $200); (ii) the minimum monthly benefit amount for a retired worker would be $30, and the minimum amount payable where only one survivor is entitled to benefits on the deceased insured person's earnings, would be $30; (iii) the maximum monthly family benefit of $168.75 would be increased to $200; (iv) the provision of existing law that total family benefits cannot exceed 80 percent of the worker's average monthly wage would not reduce total family benefits below 1½ times the insured worker's primary insurance amount or $50, whichever is the greater; and (v) lump-sum death payments would not exceed $255, the maximum under existing law.

5. *Limitation on earnings of beneficiaries.*—The earnings limitation on beneficiaries under age 75 would be made the same for wage-earners and self-employed persons. A beneficiary could earn as much as $1,000 in a year in any employment, covered or noncovered. He would lose 1 month's benefit for each unit of $80 (or fraction thereof) of earnings (covered or noncovered) in excess of $1,000, but in no case would he lose benefits for months in which he neither earned more than $80 in wages nor rendered substantial services in self-employment. Beneficiaries residing in foreign countries would have their benefits suspended for any month in which they worked on 7 or more days.

6. *Eligibility for benefits.*—(*a*) As an alternative to the present requirements for fully insured status, an individual would be fully insured if all the quarters elapsing after 1954 and up to the quarter of his death or attainment of age 65 were quarters of coverage, provided he had at least 6 quarters of coverage after 1954.

(*b*) Benefits would be paid to the surviving aged widow, widowed mother, and children, or parents of any individual who died prior to September 1, 1950, and had at least 6 quarters of coverage.

7. *Preservation of benefit rights for disabled.*—The period during which an individual was under an extended total disability would be excluded in determining his insured status and the amount of benefits payable to him upon retirement or to his survivors in the event of his death. Only disabilities lasting more than 6 months would be taken into account. Determinations of disability would be made by State vocational rehabilitation agencies or other appropriate State agencies pursuant to agreements with the Secretary of Health, Education, and Welfare.

8. *Limitation on payments to persons outside the United States.*—Benefits to survivors or dependents would not be paid for any month in which such survivor or dependent resided outside the United States unless such survivor or dependent met certain requirements of residence in the United States or the insured individual on whose record the benefit is based was currently insured on the basis of military service wage credits or earnings as an American citizen employed abroad by an American employer.

9. *Deportation, and periods of unlawful residence.*—All benefits payable on the basis of an individual's wage record would be terminated upon notification by the Attorney General that the individual has been deported from the United States for certain specified causes. Earnings derived during periods of unlawful residence in the United States as determined by the Attorney General could not be used in determination of insured status or benefit amount.

10. *Recomputation of benefits for work after entitlement.*—An individual may have his benefit recomputed to take into account additional

earnings after entitlement if he has covered earnings of at least $1,000 in a calendar year after 1953 and after the year in which his benefit was last computed.

11. *Contribution rates.*—Employers and employees will continue to share equally, with the rates on each being as follows:

Calendar years:	Rate (percent)
1954–59	2
1960–64	2½
1965–69	3
1970–74	3½
1975 and after	4

The self-employed would pay 1½ times the above rates.

B. Public assistance

1. The provisions of the 1952 amendments, presently scheduled to expire on September 30, 1954, with respect to temporary increases in Federal payments to States for old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled are extended through September 30, 1955.

2. The provisions of the 1950 amendments for approval of certain State plans for aid to the blind which did not meet the requirements of clause 8 of section 1002 (a) of the Social Security Act are extended from June 30, 1955, to June 30, 1957.

III. Extension of Old-Age and Survivors Insurance Coverage

A. General

The old-age and survivors insurance program now covers about 8 out of 10 of the Nation's jobs. During the course of a year about 62 million people work in employment or self-employment that is covered under the program. The bill would extend coverage to about 10 million additional people who in the course of a year work in jobs that are not now covered. Specifically, coverage would be extended to self-employed farm operators and professional persons (other than physicians), members of State and local government retirement systems (other than policemen and firemen), additional farmworkers and domestic workers, ministers and members of religious orders, most Federal employees not covered by retirement systems, and certain other smaller groups that will be described hereafter.

The only major groups who would still remain excluded from the program are policemen and firemen covered by State or local retirement systems, physicians, members of the Armed Forces, and Federal civilian employees covered by the civil service retirement system and other staff retirement systems. The Committee on Retirement Policy for Federal Personnel, established by Public Law 555, 82d Congress, has submitted to the Congress recommendations for an integrated program of retirement and survivor protection for members of the Armed Forces and employees under the civil service retirement system, including coverage under old-age and survivors insurance. The recommended extension of social-security coverage in these areas is of great interest to your committee in view of its jurisdiction over such legislation. However, your committee has not yet examined these recommendations and therefore takes no position on them at this time.

B. Specific coverage groups added

1. *Self-employed farm operators.*—One of the major stumbling blocks to coverage of farm operators in the past has been the apparent

necessity of requiring low-income farm operators, who may have no income tax liability, to keep records that they do not ordinarily maintain. This problem has now been solved, and a simplified reporting procedure for low-income farm operators is made possible by a special provision in the bill. This special provision, together with the regular procedures now in effect for the nonfarm self-employed covered under the program, constitute a practicable administrative method for covering self-employed farm operators. About 3.6 million farm operators would be covered in the course of a year.

The special provisions for low-income farm operators are as follows: A self-employed farm operator with gross income of not more than $1,800 in a year who reports his income tax on a cash basis (rather than an accrual basis) could report, for credit toward benefits under old-age and survivors insurance, either his actual net earnings from farm self-employment, as determined on his income tax return, or 50 percent of his gross income. If he elected to use the latter option, he would be spared the necessity of keeping records of his expenses, computing depreciation, and so forth. Practically all farm operators know their gross income and could easily apply the 50-percent rule.

A farm operator whose gross income from self-employment was more than $1,800 would have to compute his net earnings. If his actual net earnings as computed were less than $900, he could, if he wished, report $900; otherwise he would have to report his actual net.

In any case, rentals received in the form of crop shares, like other rentals from real estate, would be excluded from gross income for social-security purposes.

Like urban businessmen, the self-employed farm operator will report his net income for social-security purposes by transferring the information from his income tax return to a simple supplementary form. If his net earnings from self-employment (either actual or presumed) do not amount to as much as $400 or more in a given year, he pays no self-employment tax on such income and receives no credit toward benefits.

The following tabular outline summarizes these provisions for different gross incomes, along with all possibilities as to net income:

Gross income	Net income	Social security net earnings	
		Standard method	Alternative method
Under $400	Under $400	None	None.
$400 to $799	Under $400	None	None.
Do	$400 to $799	Net income	None.
$800 to $1,799	Under $400	None	50 percent of gross income.
Do	$400 to $1,799	Net income	50 percent of gross income.
$1,800 and over	Under $400	None	$900.
Do	$400 to $899	Net income	$900.
Do	$900 and over	Net income	(1).

[1] Cannot be used; in all other cases, individual can use either standard or alternative method.

2. *Self-employed professional people.*—The bill would extend coverage to about 400,000 people who during the course of a year are self-employed in the practice of certain professions. With one exception, physicians, the professional people who would be covered are those who are now specifically excluded: lawyers, dentists, architects, engineers, accountants, funeral directors, osteopaths, chiropractors, vet-

erinarians, naturopaths, optometrists, Christian Science practitioners, and those few ministers who do not perform services for a church or other organization. Self-employed physicians will continue to be excluded. Coverage of persons in the self-employed professional groups would be on the same basis as that on which other nonfarm self-employed people are now covered. Thus, anyone with annual net earnings of $400 or more from covered self-employment, including professional self-employment, would be covered. Professional people would report their earnings for social-security purposes annually with their income-tax reports as is done by the self-employed people now covered.

Coverage of self-employed professional people, like the coverage of the self-employed now under the program, would be compulsory. Your committee is aware that some groups have expressed a preference for coverage on a voluntary individual basis. There are, however, fundamental objections to that approach. The history of voluntary social insurance on an individual elective basis in the United States and in other countries indicates definitely that only a very small proportion of all eligible individuals actually elect to participate. Those who do participate are usually not the people of below-average income who are in the greatest need of the protection afforded. Moreover, voluntary coverage attracts almost exclusively people who, because they are already old or for other reasons, can expect a large return for their contributions. This "adverse selection of risks" could result in a significant drain on the funds of the program.

3. *Employees of State and local governments under retirement systems.*—The present law provides for covering State and local government employees under voluntary agreements between the individual States and the Federal Government. (Voluntary group coverage is necessary in this area because the Federal Government cannot, under the Constitution, impose the social-security taxes on the States.) The present law excludes from coverage under a Federal-State agreement, however, employees who are in positions covered by a State or local retirement system on the date the agreement is made applicable to the coverage group to which they belong (except for members of the Wisconsin retirement fund, for whom coverage was made available under special provisions enacted in 1953). About 3.5 million employees (not counting 200,000 policemen and firemen) are in positions covered by State and local retirement systems in the course of a year.

Several States and a large number of local governments have secured old-age and survivors insurance coverage for employees who were under a retirement system by dissolving the system before bringing the group under the Federal-State agreement. Except in a few cases where the old-age and survivors insurance program alone provided greater protection than the abandoned system, the latter has been replaced by a supplemental system, after old-age and survivors insurance coverage was secured. An estimated 300,000 employees now have such combined protection.

Under the bill a State could bring members of a State or local retirement system (except policemen and firemen) under its old-age and survivors insurance agreement provided that a referendum by secret written ballot was held among the members of the system, that a majority of the members of the system eligible to vote in the ref-

erendum did so, and that at least two-thirds of those voting in the referendum voted in favor of old-age and survivors insurance coverage. These requirements seem to your committee to be adequate to assure that any referendum is reasonably representative of the wishes of the retirement system members; but they are not so restrictive as to make coverage impossible wherever an indifferent minority fails to vote.

The bill continues the present exclusion of policemen and firemen who are covered by a State or local retirement system. Policemen and firemen, because of the arduous nature of their work, have special provisions in their retirement systems such as lower retirement ages, and feel it would be unwise to attempt to integrate these provisions with old-age and survivors insurance.

The bill states that it is the policy of the Congress in making coverage available to retirement system members that the protection of members and beneficiaries of the retirement system not be impaired by reason of coverage of the retirement system members under old-age and survivors insurance. The bill also makes it impossible to cover retirement system members without a referendum, by dissolving the retirement system, after the enactment of the referendum provisions.

Under present law, employees whose positions are covered by a retirement system but who are not themselves eligible for membership in the system receive the same treatment as employees who are members of the retirement system. The bill provides for covering these employees (other than policemen and firemen) without a referendum. (Since the referendum requirements are designed to protect existing retirement rights, they are inappropriate for this group, which has no retirement protection.) The bill also provides that such employees would not be permitted to vote in any referendum on coverage for the retirement system members, since they could be covered even if, as a result of an unfavorable referendum, the members of the system were not covered. They could, however, be covered along with retirement system members if a referendum was favorable.

The bill would also provide for covering without a referendum, at any time prior to January 1, 1958, employees who could not be covered when their coverage group was covered because they were under a retirement system, but whose system was later dissolved by action taken prior to enactment of the bill. (It is necessary to do this because these employees could not be covered by means of a referendum, since there would be no active members of a retirement system who could vote in a referendum.)

4. *Farmworkers.*—Under present law a farmworker is covered only if he is paid at least $50 in a quarter by a single employer and is "regularly employed" by that employer. The test of "regular employment" is very cumbersome and complicated and is so restrictive that it covers only 700,000 workers—a small proportion of those who earn their living through farmwork. Before the worker can meet the "regularly employed" test for coverage he must first work for an employer continuously throughout an entire calendar quarter. He is then "regularly employed" in each succeeding quarter if he does full-time farmwork for the employer on as many as 60 days in that quarter or in the preceding quarter. If during any quarter he fails to work for 60 days for the same employer, the chain is broken

and he must serve another qualifying quarter before he can again be covered.

The problem facing your committee was that of amending this restrictive provision in such a way as to bring in more people who earn their living through hired farmwork and yet to exclude incidental and temporary employees and avoid imposing an impossible burden on the farm operator at the peak harvest period. Your committee believes that this problem has been solved.

Under the bill a farmworker would be covered in his work for any one employer if he receives cash wages of $200 or more in the year from that employer. This provision would bring into the program about 1.3 million workers in addition to those now covered, while continuing to exclude those farm employees who are normally engaged in other activities—housewives and schoolchildren, for example—and who do farmwork only in the peak harvest periods. The use of an annual test, rather than a quarterly one, would avoid the artificial and arbitrary splitting up of the seasons for the various crops, so that the farm operator would not, in the midst of his busiest season, have to make out social-security reports for his covered farmworkers.

Under this provision farmworkers' earnings would be reported annually. Therefore, it is necessary to make some provision for converting annual earnings into quarters of coverage. Your committee proposes that farmworkers be given two quarters of coverage for annual earnings amounting to $200 but less than $300; three quarters of coverage for annual earnings amounting to $300 but less than $400; and four quarters of coverage for annual earnings amounting to $400 or more. Since a farmworker would never be covered unless he had $200, he would be assured of two quarters of coverage for each year in which he was covered and, therefore, could acquire and retain insured status even though covered on only the minimum basis.

5. *Domestic workers in private homes and others who perform work not in the course of the employer's business.*—The bill would cover all domestic workers who work in nonfarm private homes and who are paid $50 in cash wages by an employer in a calendar quarter. It would delete the unnecessary and complicated requirement of present law limiting the coverage of domestic workers to those who work for a single employer on 24 days during a calendar quarter. The simplified test of coverage for domestic services in private homes provided by the bill would cover, during the course of a year, about 200,000 more household workers than does the present law. It would also afford additional coverage for from 50,000 to 100,000 workers who under present law are covered on some but not all of their domestic jobs.

Most of the domestic workers who would continue to be excluded from coverage would be students, housewives, and others who spend comparatively little time working for pay. Under the bill almost 90 percent of the persons whose major activity is domestic employment would be covered.

Persons performing other types of service not in the course of the employer's trade or business would, like domestic workers, be covered by the bill if they are paid $50 in cash wages by an employer in a calendar quarter. This would give coverage to perhaps 50,000 persons. Your committee proposes this provision to improve and simplify the coverage of such services and to retain the principle, now in the present law, of applying the same coverage test for these non-

business services as is applied to domestic services performed in private homes. It is important to establish uniform tests for these two types of work because there are certain kinds of nonbusiness services which are not, strictly speaking, domestic service in private homes but which are difficult to distinguish from domestic service.

6. *Ministers and members of religious orders.*—The bill provides for covering employed ministers and members of religious orders (other than those who have taken a vow of poverty) under provisions which are essentially the same as those under which lay employees of nonprofit organizations are now covered. Ministerial employees and lay employees would be separate groups for purposes of coverage but an organization which has both lay employees and ministerial employees could not cover the ministerial employees unless the lay employees were also covered.

In order for a minister or member of a religious order to be covered the employing organization would have to file a certificate indicating its desire to cover the ministers and members of religious orders in its employ, and at least two-thirds of its employees who are ministers or members of religious orders would have to sign a certificate indicating their desire for coverage. Only those employees who sign the original certificate would be covered initially. Employees who do not sign the original certificate may secure coverage by filing a supplemental certificate at any later date. Any minister or member of a religious order who is employed by the organization after its ministers and members of religious orders have been covered would be covered automatically. As indicated elsewhere in this report, the bill would cover self-employed ministers on the same basis as other self-employed persons now covered and other self-employed groups covered under the bill. Some ministers and members of religious orders may have part of their income covered as self-employment income even though the major part of their income is received in the form of salary. Fees and honorariums paid to the minister as an individual and income from any other activities in which the minister may engage on a self-employment basis would not be reported by the nonprofit organization covering the minister as an employee, but would be reported by the minister with his income-tax return if they amounted to as much as $400 in a year.

Your committee gave careful consideration to suggestions that ministers of churches and those employed by religious institutions, as well as those who are actually self-employed, be allowed to participate in old-age and survivors insurance as self-employed persons on an individual voluntary basis. Your committee recognizes that the terms "employer" and "employee" are not usually used to describe the relationship between a minister and his church, and the bill provides that nothing in the relevant sections of the law shall be construed to mean that a minister is an employee of any organization for any purpose other than for social security Nevertheless the services of the minister are usually performed under conditions more like those of employment than of self-employment. It does not seem desirable to cover any group of employees as self-employed persons either from the standpoint of the old-age and survivors insurance program or from the standpoint of the employees, if they would be required to pay a higher rate than other employees for the same benefits, while the organization that employs them would pay no contributions at all.

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Moreover, as we have indicated earlier in this report, there are fundamental objections to covering any group of workers under provisions which permit an individual to obtain coverage solely at his own option.

7. *Civilian employees of the Federal Government not covered by a retirement system.*—The bill would extend coverage to approximately 150,000 civilian employees of the Federal Government and its instrumentalities who are not now covered by retirement systems. Your committee believes that any Federal employee now lacking retirement protection should be covered by old-age and survivors insurance if the services he performs for the Government are of a type that would be covered if performed for a private employer. Accordingly, the bill extends coverage to all Federal employees not covered by retirement systems, with the following exceptions: the President, the Vice President, Members of Congress, employees in the legislative branch, inmates of Federal prisons, interns, student nurses, and other student employees of Federal hospitals, and persons employed on a temporary basis during emergencies such as earthquakes or floods.

The bill would also extend coverage to about 200 employees of district Federal Home Loan Banks and about 10,000 employees of the Tennessee Valley Authority. These employees are covered by retirement systems that are, or will be, designed to be supplementary to the old-age and survivors insurance program.

8. *United States citizens employed outside of the United States by foreign subsidiaries of American employers.*—The bill would make old-age and survivors insurance coverage possible for about 100,000 United States citizens who are employed outside of the United States by foreign subsidiaries of parent American companies.

For various reasons, American employers frequently operate in other countries through subsidiaries incorporated or otherwise established under the laws of the foreign country. Under present law American citizens working for American employers in foreign countries are covered under old-age and survivors insurance. The United States citizens employed by the subsidiaries of American employers are likely to have the same close connection with the United States, and the same expectation of returning to the United States, as United States citizens employed outside the United States by the parent company.

The United States cannot impose the employer tax of the old-age and survivors insurance program upon the foreign subsidiaries of American employers. Accordingly, the United States citizens employed by these subsidiaries must be covered under special provisions which will avoid the levy of a tax on these subsidiaries. Your committee proposes that the United States citizens in question be covered, at the option of the American employer involved, if the latter makes an agreement with the Secretary of the Treasury to pay social security tax for these employees. In order to avoid adverse selection, the bill provides that all of the American citizens employed by a given subsidiary would have to be covered if any were covered.

9. *Home workers.*—The bill would extend employee coverage to about 100,000 additional home workers. Home workers who have the status of employees under the usual common-law rules applicable in determining employer-employee relationship have been covered since 1937. In addition, under the 1950 amendments, home workers

who do not have employee status under the usual common-law rules are covered as employees if they work according to specifications of the person for whom the work is done on materials or goods furnished by that person and required to be returned to him or his designee, if they are paid cash wages of $50 or more during a calendar quarter by a given employer, and if they are subject to State licensing laws. The bill would cover as employees those home workers who meet all the conditions specified in the 1950 amendments except the condition that the services be subject to licensing requirements under State law. By eliminating the licensing requirement, the bill provides employee coverage to all home workers who perform service under substantially the same conditions irrespective of the State in which the individual is located. On the other hand, for example, any home worker in a rural area who is not subject to any supervision or control by any person whomsoever, and who buys raw materials and makes and completes any article and sells the same to any person, even though it is made according to specifications and the requirements of some single purchaser, would continue to be excluded from coverage as an employee.

10. *Employees engaged in fishing and related activities.*—Under present law, employees engaged in the catching of fish, shellfish, and other aquatic species (except salmon and halibut), either from the shore or as officers or crew members of vessels of 10 net tons or less, are excluded from old-age and survivors insurance coverage. Under this provision the protection of the program is denied to many of the lower-paid workers in the fishing industry. This gap in protection has been particularly evident since self-employed owners of fishing vessels were covered in 1951. The bill would correct this situation by covering those employee fishermen, clam diggers, etc., who are now excluded. About 50,000 additional people would be covered in the course of a year under this provision.

11. *United States citizens employed by American employers on vessels and aircraft of foreign registry.*—The Social Security Act amendments of 1950 extended old-age and survivors insurance coverage to most United States citizens working outside the United States for American employers. The 1950 amendments failed, however, to bring in American citizens employed by American employers on vessels and aircraft of foreign registry. The bill would correct this situation by covering this small group of American citizens on the same basis as other American citizens working outside the United States for American employers.

IV. Average Monthly Wage

The bill changes the method for computing the average monthly wage, on which the primary insurance amount (and thus, the amount of every dependent's and survivor's benefit) is based. For individuals who qualify for benefits after the effective date of the bill, or who meet certain other conditions after that date, up to 5 years in which their earnings were lowest (or nonexistent) will be eliminated from the computation of the average monthly wage. In general, every individual who first qualified for benefits after the effective date, or who had at least 6 quarters of coverage after June 1953 (which means that the 6th quarter of coverage must be earned after

September 1954), or who qualified for certain types of benefit recomputations after the effective date, could eliminate up to 4 years of lowest or no earnings from the computation. If, in addition to meeting the applicable requirements stated above, he had at least 20 quarters of coverage (acquired at any time), he could eliminate an additional low year.

This "dropout" of years of low earnings will benefit both those individuals to whom coverage is extended by this bill, and those who were covered in the past. Without such a provision, individuals first brought under coverage on January 1, 1955, would be under a severe handicap, in that all the months in the years 1951–54, during which they had no covered earnings, would be included as divisor months in the computation of their average monthly wage. Under the change proposed in the bill, as the newly covered qualify for benefits, their benefits would be based entirely on their covered earnings after 1954. After 5 years of work in covered employment, they can drop an additional year, which would be the year in which their covered earnings were lowest.

Individuals who are already covered by the program would also be able to drop the 4 or 5 years of lowest or no covered earnings whenever they occurred. Years in which their earnings were low because of short periods of sickness or unemployment would no longer reduce their average monthly wage and benefit amount. The "drop-out" proposal would thus also be of material advantage to the persons who have been contributing to the program for longer periods of time.

The bill would also simplify the computation of the average monthly wage by the use of standard first-of-the-year starting and closing dates, with all computations based on calendar years, for both wage earners and self-employed persons.

V. Earnings Base

Under the provisions of the bill, the maximum amount of covered earnings considered, for both tax and benefit purposes, would be raised from $3,600 to $4,200 a year, effective January 1, 1955.

The major reason for this proposal is to maintain the principle of old-age and survivors insurance (as embodied in the statutory benefit provisions) that benefits should, within limits, vary with the individual's previous earnings. Since the benefits paid upon retirement or death are related to past earnings, it follows that the basic factor in the determination of benefit amounts is the level of previous earnings. Over three-fifths of the male workers regularly covered by the program now earn more than $3,600, the maximum amount counted for benefit purposes. Your committee believes that if the principle that benefits should vary with earnings is to be maintained, additional earnings above the $3,600 limit must be counted toward benefits. It follows that those who earn above that amount should receive higher benefits than those whose earnings are smaller.

Earnings somewhat above $3,600 do not, under present conditions, mark a man as high paid but are typical earnings in major sections of commerce and industry. Average annual full-time earnings in manu-

facturing industries in 1953 were about $4,000. The average for mining was about $4,400 and for transportation, almost $4,400. Skilled workers in any industry earn more than the average for the industry.

For workers who have earned maximum wages under the program, the benefit increases in the amendments of 1950 and 1952 did not quite compensate for the increase in prices which has taken place since the benefit levels were set in 1939. No recognition has been given to the substantial increase in the level of living as measured by the extent to which increases in wages have exceeded increases in prices. Under the formula provided in the 1939 law, a worker who earned maximum wages under the program and who retired now would be getting a benefit of $47.20. The increase in prices since 1939 has been such that this benefit of $47.20 would now need to be over $90 (rather than the $85 provided by present law) in order for this retired worker to buy the same level of living that was contemplated by the 1939 act. If benefits were to be increased in proportion to the increase which has occurred in wages, this benefit of $47.20 would now need to be somewhat over $110 a month. The bill would raise the benefit for the worker earning the maximum creditable wages to $108.50.

Raising the wage base to $4,200 would restore approximately the same relationship between general earnings levels and the maximum wage base that existed in 1951. In 1953, approximately 43 percent of regularly covered male workers had earnings of more than $4,200.

An increase in benefit amounts to compensate for the general increase in the level of earnings could be made by a revision of the benefit formula, without any increase in the wage base, but such a step would have a major disadvantage. The percentage of workers receiving benefits at or near the maximum would remain at least as high as at present, thus weakening the basic principle that benefits should vary with past earnings.

VI. Increase in Old-age and Survivors Insurance Benefits

A. General

A general improvement in benefit levels will result from extension of coverage, elimination of up to 5 years of lowest or no earnings in computing the average monthly wage, from the provision to preserve the benefit rights of persons with extended total disability, and from the increase in the maximum annual earnings which can be included in the computation of benefits. In addition, the bill provides for an increase in the percentage of average monthly wage yielded by the benefit formula. The level of benefits thus established will represent a realistic floor of protection in line with current price and wage levels.

Benefit payments are increased for beneficiaries presently on the rolls as well as for those qualifying in the future. For present retired workers, monthly payments will range from $30 to $98.50, as compared with $25 to $85 under present law, with the average increase in benefit amounts being about $6. For those coming on the rolls in the future, the range of benefit payments, taking into account the increased earnings base, will be from $30 to $108.50.

B. Revised benefit formula

The benefit formula provides the highest relative benefits in relation to earnings at the lowest levels of income. This is in recognition of the fact that low-income workers have less opportunity to supplement their benefits from private savings and insurance. As wages rise, the money amounts which very low-paid workers earn rise also. For this reason it becomes necessary to extend upward the level of earnings to which the first factor in the benefit formula applies. Accordingly, the bill increases from $100 to $110 the amount of average earnings to which the 55-percent factor in the present formula is applicable.

A further amendment in the formula is made by increasing the factor for the second step from 15 percent to 20 percent, and raising the maximum earnings to which the formula applies from $300 a month to $350 in line with the increase in the annual earnings base from $3,600 to $4,200. (See table 1 for illustrative benefits for a retired worker under this bill as compared with present law.) To maintain the relative protection the average earner can expect to obtain from benefits under the old-age and survivors insurance system, a higher percentage of the upper earnings must be provided. At the same time, the fact that higher paid workers can be expected to make more adequate supplementary provision for themselves and their families than can the lowest paid is taken into account. Under the revised formula, benefits for an individual with average earnings of $350 a month will represent only 31 percent of his earnings as compared to 55 percent for workers in the very lowest group.

Finally, it may be noted that previous legislation has increased the lower step of the formula twice, but the upper step only once. Under the 1939 law, the benefit formula was 40 percent of the first $50 of average earnings plus 10 percent of the next $200. In 1950 the formula was amended to provide 50 percent of the first $100 plus 15 percent of the next $200. The 1952 amendments increased the first step to 55 percent, but made no change in the second step.

The revised formula, which will be applicable to average earnings computed over the period since 1950, will apply for workers coming on the rolls in the future who are eligible for dropping out low years of earnings from the average wage computation. Where, however, the individual's benefit would be larger if computed through the conversion table (described hereafter) which will be used to raise the benefits of persons now on the rolls, he will receive the larger amount.

TABLE 1.—*Illustrative monthly benefits for retired workers*

ASSUMING LEVEL EARNINGS

Average monthly wage		Present law		Bill	
On basis of present law	With drop-out as provided in bill	Single	Married [1]	Single	Married [1]
$50	$50	$27.50	[2] $41.30	$30.00	[4] $45.00
$100	100	55.00	[3] 80.00	55.00	[4] 82.50
$150	150	62.50	93.80	68.50	102.80
$200	200	70.00	105.00	78.50	117.80
$250	250	77.50	116.30	88.50	132.80
$300	300	85.00	127.50	98.50	147.80
$350	350	[5]	[5]	108.50	162.80
ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROP-OUT PROVIDED IN BILL					
$50	$70	$27.50	[2] $41.30	$38.50	[4] $57.80
$100	120	55.00	[3] 80.00	62.50	93.80
$150	170	62.50	93.80	72.50	108.80
$200	220	70.00	105.00	82.50	123.80
$250	270	77.50	116.30	92.50	138.80
$300	310	85.00	127.50	100.50	150.80
$350	350	[5]	[5]	108.50	162.80

[1] With wife aged 65 or over.
[2] Application of 80 percent maximum may not reduce benefits below $45.
[3] Reduced to 80 percent of average wage.
[4] Application of 80 percent maximum may not reduce benefits below 1½ times primary insurance amount.
[5] Present law includes earnings only up to $300 a month.

C. Increase for present beneficiaries

The bill provides increases in benefits for the 6.3 million present beneficiaries under the system. In thus making benefit increases effective for those already on the rolls, the bill follows the precedent of the 1950 and 1952 amendments. The purpose of helping beneficiaries to meet their current living needs through their benefit payments is served only if the value of the benefits being paid is kept adjusted to changes in economic conditions.

The increase in old-age insurance benefits (or primary insurance amounts on which dependents and survivors benefits are based) is accomplished through a conversion table establishing a new higher amount for each primary insurance amount under present law (see table 2). In effect the new amounts are derived by applying the new formula to the average monthly wage on which the present benefit is based, except where application of the formula yields an increase in benefits of less than $5 over present law. In such cases, an increase to $5 will be made, thus assuring a minimum increase of this amount in all present old-age insurance benefits. The minimum benefit will be $30 and the maximum $98.50. This maximum is consistent with the maximum average wage of $300 which can be computed under present law.

TABLE 2.—*Summary of conversion table for computing new monthly benefits for those now on the roll*

Present primary insurance amount	*New primary insurance amount*
$25.00	$30.00
30.00	35.00
40.00	45.00
50.00	55.00
60.00	67.90
70.00	78.50
80.10	91.90
85.00	98.50

The conversion table will also be applicable in certain cases for workers coming on the rolls in the future. These will include any workers who are not eligible for dropping out low years from the computation of their average monthly wage, as well as workers who do not have their benefits increased by at least $5 (over what present law would provide) by use of the dropout and the new benefit formula. This alternative will produce a larger benefit in cases where dropping out the low years does not produce a significant increase in the average wage and the wage is at the relatively low level where the new formula does not in itself increase benefits by as much as $5. As another alternative, in those cases—relatively few in number—where a worker eligible for the dropout would get a higher benefit on the basis of average earnings computed over the period since 1936, the low 4 or 5 years will be dropped from the computation based on the modified 1939 act formula and the conversion table applied.

D. Family benefits

Dependents' and survivors' monthly benefits will be increased automatically in line with the increase in primary insurance amounts, since they are computed as percentages of the primary insurance amount. The bill further provides that the maximum amount of benefits that may be paid on an individual's record shall be raised from $168.75 to $200.

The present provision that family benefits may not exceed 80 percent of the average monthly wage on which they are based is retained. The bill provides, however, that in no case shall application of the 80-percent maximum reduce total benefits below the larger of 1½ times the primary insurance amount or $50. In this way the benefits for a retired worker and wife, as well as for any two survivor beneficiaries will always be payable in their full proportions. Under present law there are cases, for example, where application of the 80-percent maximum prevents a wife from getting the full one-half of the husband's benefit amount. The new provision replaces the present stipulation that family benefits may not be reduced below $45.

Finally, the bill provides that the minimum amount payable where only one survivor beneficiary is drawing payments on an individual's record shall be $30 a month, the same as the minimum old-age insurance benefit. This amount will thus become the minimum payment for any single surviving widow, widower, child, or parent, instead of a proportion of the minimum primary amount as provided under present law. Your committee believes it reasonable that the minimum payment on any individual's record be $30, regardless of whether it is his own benefit or that for a survivor. See table 3 for illustrative survivor benefits under the bill as contrasted with those under present law.

TABLE 3.—*Illustrative monthly benefits for survivors of insured workers*

ASSUMING LEVEL EARNINGS

Average monthly wage		Aged widow or widower [1]		Widow and 1 child [2]		Widow and 2 children		Widow and 3 children	
On basis of present law	With dropout as provided in bill	Present law	Bill	Present law	Bill	Present law	Bill	Present law	Bill
$50	$50	$20.70	[3] $30.00	[4] $41.30	[5] $45.00	[4] $45.00	[5] $50.00	[4] $45.00	[5] $50.00
$100	100	41.30	41.30	[6] 80.00	[7] 82.50	[6] 80.00	[7] 82.50	[6] 80.00	[7] 82.50
$150	150	46.90	51.40	93.80	102.80	[6] 120.00	[6] 120.00	[6] 120.00	[6] 120.00
$200	200	52.50	58.90	105.00	117.80	140.00	157.00	[6] 160.00	[6] 160.00
$250	250	58.20	66.40	116.30	132.80	155.00	177.00	[8] 168.80	[8] 200.00
$300	300	63.80	73.90	127.50	147.80	[8] 168.80	197.00	[8] 168.80	[8] 200.00
$350	350	([9])	81.40	([9])	162.80	([9])	[8] 200.00	([9])	[8] 200.00

ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROPOUT PROVIDED IN BILL

$50	$70	$20.70	[3] $30.00	[4] $41.30	[7] $57.80	[4] $45.00	[7] $57.80	[4] $45.00	[7] $57.80
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$150	170	46.90	54.40	93.80	108.80	[6] 120.00	[6] 136.00	[6] 120.00	[6] 136.00
$200	220	52.50	61.90	105.00	123.80	140.00	165.00	[6] 160.00	[6] 176.00
$250	270	58.20	69.40	116.30	138.80	155.00	185.00	[8] 168.80	[8] 200.00
$300	310	63.80	75.40	127.50	150.80	[8] 168.80	[8] 200.00	[8] 168.80	[8] 200.00
$350	350	([9])	81.40	([9])	162.80	([9])	[8] 200.00	([9])	[8] 200.00

[1] Also single surviving parent or child.
[2] Also 2 aged parents.
[3] Application of $30 minimum family benefit.
[4] Application of 80 percent maximum may not reduce benefits below $45.
[5] Application of 80 percent maximum may not reduce benefits below $50.
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Finally, the bill provides that the minimum amount payable where only one survivor beneficiary is drawing payments on an individual's record shall be $30 a month, the same as the minimum old-age insurance benefit. This amount will thus become the minimum payment for any single surviving widow, widower, child, or parent, instead of a proportion of the minimum primary amount as provided under present law. Your committee believes it reasonable that the minimum payment on any individual's record be $30, regardless of whether it is his own benefit or that for a survivor. See table 3 for illustrative survivor benefits under the bill as contrasted with those under present law.

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On basis of present law	With dropout as provided in bill	Present law	Bill	Present law	Bill	Present law	Bill	Present law	Bill
$50	$50	$20.70	[3] $30.00	[4] $41.30	[5] $45.00	[4] $45.00	[5] $50.00	[4] $45.00	[5] $50.00
$100	100	41.30	41.30	[6] 80.00	[7] 82.50	[6] 80.00	[7] 82.50	[6] 80.00	[7] 82.50
$150	150	46.90	51.40	93.80	102.80	[6] 120.00	[6] 120.00	[6] 120.00	[6] 120.00
$200	200	52.50	58.90	105.00	117.80	140.00	157.00	[6] 160.00	[6] 160.00
$250	250	58.20	66.40	116.30	132.80	155.00	177.00	[8] 168.80	[8] 200.00
$300	300	63.80	73.90	127.50	147.80	[8] 168.80	197.00	[8] 168.80	[8] 200.00
$350	350	([9])	81.40	([9])	162.80	([9])	[8] 200.00	([9])	[8] 200.00

ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROPOUT PROVIDED IN BILL

$50	$70	$20.70	[3] $30.00	[4] $41.30	[7] $57.80	[4] $45.00	[7] $57.80	[4] $45.00	[7] $57.80
$100	120	41.30	46.90	[6] 80.00	93.80	[6] 80.00	[6] 96.00	[6] 80.00	[6] 96.00
$150	170	46.90	54.40	93.80	108.80	[6] 120.00	[6] 136.00	[6] 120.00	[6] 136.00
$200	220	52.50	61.90	105.00	123.80	140.00	165.00	[6] 160.00	[6] 176.00
$250	270	58.20	69.40	116.30	138.80	155.00	185.00	[8] 168.80	[8] 200.00
$300	310	63.80	75.40	127.50	150.80	[8] 168.80	[8] 200.00	[8] 168.80	[8] 200.00
$350	350	([9])	81.40	([9])	162.80	([9])	[8] 200.00	([9])	[8] 200.00

[1] Also single surviving parent or child.
[2] Also 2 aged parents.
[3] Application of $30 minimum family benefit.
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[5] Application of 80 percent maximum may not reduce benefits below $50.
[6] Reduced to 80 percent of average wage.
[7] Application of 80 percent maximum may not reduce benefits below 1½ times primary insurance amount.
[8] Dollar maximum on benefits.
[9] Maximum average wage under present law is $300.

E. Lump-sum death payment

The bill retains the present provision that the lump-sum death payment be computed as 3 times the primary insurance amount, but sets a maximum of $255 that can be paid. This maximum is equal to the present maximum lump-sum payment (3 times the present maximum primary insurance amount of $85). The lump-sum is intended to be only a modest amount to help meet the special expenses connected with the worker's last illness and death, and there appears to be no compelling necessity for increasing the amount beyond the maximum payable under present law.

VII. Improvement of the Retirement Test

Monthly benefits under the old-age and survivors insurance system are paid upon the retirement or death of the family earner. Consequently the law provides that benefits are not payable to persons otherwise eligible for benefits if they have substantial employment or self-employment earnings, as determined under the retirement test set out in the act.

Your committee seeks to maintain this principle, but has determined that certain amendments should be made to increase the equity of the retirement test and to afford greater opportunities to retired individuals to supplement their benefits through earnings from part-time or intermittent work.

A. Establishment of uniform annual test for wage earners and self-employed persons

Two separate tests of earnings are provided under present law, applicable to beneficiaries under age 75. Wage earners are subject to an "all or none" monthly test under which benefits for the individual and for any dependents drawing benefits on his record are withheld for any month in which he earns covered wages of more than $75. The present test for self-employed persons is on an annual basis under which 1 month's benefit is withheld for each $75 (or fraction thereof) of self-employment earnings in excess of $900 in a year, except that no benefit is withheld for any month in which the self-employed person did not render substantial services in his trade or business.

Under the bill, the test is put on an annual basis for both wages and self-employment earnings, and the two types of income are combined for purposes of determining the individual's total earnings. The bill also provides an increase in the amount of earnings which individuals may have without loss of benefits. The annual exempt amount is set at $1,000. One month's benefit would be withheld for each $80 or fraction thereof in excess of $1,000, but no benefit would be suspended for any month in which the individual neither earned wages of more than $80 nor rendered substantial services as a self-employed person in his trade or business.

Under the new test, wage earners will not lose a benefit each month they earn above a specified amount but will be able to take intermittent full-time work or more regular part-time work than at present without the loss of benefits or with the loss of only a few months' benefits, depending on what they earn. For example, a beneficiary could work throughout the year at $90 a month and lose only 1

month's benefit, whereas under present law he would lose all 12. As another example, a beneficiary could earn $300 a month for 3 months (such as at Christmas) without losing any benefits, whereas under present law he would lose 3 months' benefits.

The combination of wage and self-employment earnings for retirement test purposes will eliminate the present discriminatory dual exemption possible in some cases for individuals having both types of earnings, by reason of the separate tests presently in the law.

B. Extension of test to earnings in noncovered work

The present retirment test applies only to earnings in work covered by the old-age and survivors insurance system, thereby enabling individuals who work in noncovered employment to continue to draw their benefits regardless of their earnings. The bill eliminates this anomaly by providing that earnings from any type of employment or self-employment in the United States, whether or not covered by the system, would be taken into account in determining whether or not benefits should be withheld. Such a provision is now administratively feasible, since coverage of the system will be nearly universal.

C. Extension of retirement test to employment outside the United States

The retirement test under the bill would continue to apply to covered earnings outside the United States in the same way as in this country. In addition, a test is established for employment in noncovered work outside the United States. Thus beneficiaries residing abroad will be on a generally comparable basis with those in the United States.

No specific earnings amount could possibly differentiate between full-time and part-time work in all countries where beneficiaries might be working. For this reason a different type of test is provided. Under this test benefits would be withheld for any month in which a beneficiary under age 75 engages in noncovered remunerative activity (either employment or self-employment) outside the United States on 7 or more different calendar days. For administrative reasons, a monthly test, rather than an annual test, is recommended.

VIII. Insured Status

The Social Security Act amendments of 1950 greatly liberalized the requirements for insured status by granting a "new start" whereby an individual was fully insured if he had quarters of coverage (acquired at any time) equal in number to half the calendar quarters elapsing after 1950 (rather than 1936). Your committee believes that it is unnecessary, in this bill, to provide for another "new start" in the requirements for insured status. Successive "new starts," reducing the insured status requirements to the absolute minimum of six quarters of coverage, tend to weaken the principle that benefits should be payable only on the basis of a substantial degree of attachment to employment covered by the system.

There is, however, good reason to grant a temporary measure of relief to those newly covered workers who, although they are continuously engaged in covered work after 1954, die or retire before they can meet the requirements for insured status in present law. For this reason, the bill provides that an individual is deemed to be fully insured at the time of his death or attainment of age 65, whichever is

earlier, if all of the quarters elapsing after 1954 and up to that time are quarters of coverage, provided that at least six of the quarters after 1954 are quarters of coverage. This provision ceases to be applicable to those reaching age 65 or dying after the second quarter of 1958, since any newly covered individual who worked continuously in covered employment after 1954 and through that quarter would meet the requirements of present law with regard to fully insured status.

IX. Preservation of Benefit Rights for Disabled

A. Need for disability freeze

Under present law old-age and survivors insurance rights are impaired or may be lost entirely when workers have periods of total disability before reaching retirement age. Unless the worker is already permanently insured when he becomes disabled, he may have lost his fully insured status when he reaches retirement age because the entire period of his disability is included in the elapsed time which is the basis for determining his insured status. When benefit amounts are computed under present law, whether for retirement benefits or survivors benefits, his total earnings after a specified starting date and up to age 65 or death are divided by the total elapsed time, including any periods of total disability, in determining his average monthly wage, on which monthly benefits are based. A freeze of old-age and survivors insurance status during extended total disability would remove this disadvantage by preventing such periods of disability from reducing or denying retirement and survivors benefits. In addition there is available to the disabled individual the 4- or 5-year dropout period provided by this bill for all persons.

Such a freeze provision is analogous to the "waiver of premium" commonly used in life insurance and endowment annuity policies to maintain the protection of these policies for the duration of the policyholder's disability. About 200 life-insurance companies (many of the largest) operating in the United States offer a "waiver of premium" clause to individuals purchasing ordinary life insurance. It has been estimated that about half of the standard ordinary life insurance issued currently is protected through "waiver of premium" in the event of the disability of the insured.

B. Emphasis on rehabilitation

Your committee recognizes the great advances in rehabilitation techniques made in recent years and appreciates the importance of rehabilitation efforts on behalf of disabled persons. It is a well-recognized truth that prompt referral of disabled persons for appropriate vocational rehabilitation services increases the effectiveness of such services and enhances the probability of success. The bill is framed to carry out your committee's objective that disabled individuals applying for disability determinations be promptly referred to State vocational rehabilitation agencies, to the end that as many disabled individuals as possible may be restored to gainful work.

C. Earnings requirements

The earnings requirements which must be met to qualify for the freeze are intended to limit the application of this provision to individuals who have had a reasonably long, as well as recent, record of

covered earnings. They operate to screen out those who have not established a reasonably substantial attachment to the labor force and those who had voluntarily retired from gainful activity, and had not been compelled to leave the labor force by reason of their disability.

D. Definition of disability

Only those individuals who are totally disabled by illness, injury, or other physical or mental impairment which can be expected to be of long-continued and indefinite duration may qualify for the freeze. The impairment must be medically determinable and preclude the individual from performing any substantially gainful work. An individual would also be disabled, by definition, if he is blind within the meaning of that term as used in the bill. A person who does not meet the statutory definition, but who nevertheless has a severe visual impairment would be in the same position as all other disabled persons, that is, he may qualify for a period of disability under the general definition of disability if he is unable to engage in any substantially gainful activity by reason of his impairment.

There are two aspects to disability evaluation: (1) There must be a medically determinable impairment of serious proportions which is expected to be of long-continued and indefinite duration or to result in death, and (2) there must be a present inability to engage in substantially gainful work by reason of such impairment (recognizing, of course, that efforts toward rehabilitation will not be considered to interrupt a period of disability until the restoration of the individual to gainful activity is an accomplished fact). The physical or mental impairment must be of a nature and degree of severity sufficient to justify its consideration as the cause of failure to obtain any substantially gainful work. Standards for evaluating the severity of disabling conditions will be worked out in consultation with the State agencies. They will reflect the requirement that the individual be disabled not only for his usual work but also for any type of substantially gainful activity.

Disability must have lasted for 6 months before it may be considered. This provision is intended to exclude from consideration temporary conditions which terminate within 6 months.

In prescribing that the freeze apply only in the case of impairments "which can be expected to be of long-continued and indefinite duration" your committee seeks to assure that only long-lasting impairments are covered. This provision is not inconsistent with efforts toward rehabilitation since it refers only to the duration of the impairment and does not require a prediction of continued inability to work. An individual would not meet the definition of disability if he can, by reasonable effort and with safety to himself, achieve recovery or substantial reduction of the symptoms of his condition.

E. Determinations of disability

By and large, determinations of disability will be made by State agencies, administering plans approved under the Vocational Rehabilitation Act. This would serve the dual purpose of encouraging rehabilitation contacts by disabled persons and would offer the advantages of the medical and vocational case development undertaken routinely by the rehabilitation agencies. These agencies have well-established relationships with the medical profession and would remove the major load of case development from the Department.

By agreement, the State agencies will apply the standards developed for evaluating severity of impairments for purposes of the freeze. This will promote equal treatment of all disabled individuals under the old-age and survivors' insurance system in all States. The cost to these agencies for their services in making disability determinations will be met out of the trust fund.

In the relatively few cases where there may be no agreement with a State or there is delay in obtaining agreement, disability determinations will be made by the Department of Health, Education, and Welfare. Such determinations will also be made in certain types or classes of cases, which, because of their characteristics or their volume (e. g., the backlog), are excluded from the agreement at the State's request.

F. Effective dates

January 1, 1955, has been specified as the earliest date a disability freeze application can be accepted in order to give the Department of Health, Education, and Welfare time to prepare its forms and procedures and negotiate necessary agreements with State agencies. An individual who files a freeze application before July 1, 1955, must, however, be alive on July 1, 1955, in order to get a period of disability.

Until July 1, 1957, a disability "freeze" application could establish a period of disability beginning on the earliest date the individual was disabled and met the covered work requirements described above. This means that an individual who was disabled as early as the fourth quarter of 1941 could have had sufficient qualifying earnings and could establish a period of disability provided he was continuously disabled and filed a disability freeze application before July 1, 1957. Despite the administrative difficulties created, your committee believes that the large number of persons who have been totally disabled for the years before the enactment of this provision should be included in the group receiving the advantages of the freeze provision, but only for periods of disability continuing to the date of application.

Benefit increases for disabled individuals already on the benefit rolls would be payable beginning July 1955. Newly entitled persons would be able to have their benefits computed with the exclusion of a period of disability, beginning with the month of July 1955. Survivors of workers who died after having qualified for a period of disability would receive increased benefits.

X. Payment of Benefits to Persons Residing Abroad

Under present law, old-age insurance benefits may be paid to an insured worker regardless of his country of residence (except for limitations imposed by the Treasury Department on payments to persons residing in certain countries). Benefits are also payable to otherwise eligible dependents and survivors of insured individuals, regardless of country of residence, even though such dependents and survivors may never have lived in the United States, and may have had no personal contact with the insured worker over a long period of years, other than receiving contributions for their support.

Your committee believes that the insured person himself, who has earned his right to benefits on the basis of his work in American industry and his contributions to the national economy, should be

able to have those benefits regardless of the place of his residence. However, the bill contains a provision restricting the payment of dependents' and survivors' benefits outside the United States to those cases in which such persons can show a fairly substantial period of recent residence in the United States, or in which the insured person was currently insured on the basis of wage credits for service in the Armed Forces or on the basis of his earnings as an American citizen working abroad for an American employer or for a foreign subsidiary of an American employer.

Under this provision, the benefit of a dependent or survivor would be suspended for any month during which such person was not a resident of the United States, unless: (1) he had been a resident of the United States for at least 3 years out of the 5-year period just prior to his eligibility for benefits; or (2) in the case of a child who became eligible for child's benefits prior to attainment of age 3, he had been born in the United States. The provision would also be inapplicable to those cases in which the insured individual acquired his currently insured status by reason of service in the Armed Forces of the United States or by reason of employment outside the United States which is covered under the act.

Further, the provision for suspension of benefits would not apply to any dependent or survivor who was entitled to or eligible for a benefit for any month prior to the month following the effective date of the bill. This exception to the provision would assure that individuals who qualified for benefits under the provisions of present law, or who could qualify for such benefits by application prior to the effective date of the bill, would not be deprived of rights already established.

XI. Miscellaneous Provisions

Earnings during periods of unlawful residence in the United States.—The bill provides that earnings derived by an individual during such periods as are certified by the Attorney General to have been periods in which he was unlawfully resident in the United States may not be used in establishing eligibility for or the amount of any benefits payable on the basis of his wage record.

Termination of benefits on deportation.—The bill provides that all benefits payable on the earnings record of an individual who is deported from the United States because of illegal entry, conviction of a crime, or subversive activity shall be terminated. Termination of the benefit would be effective on receipt of a notice from the Attorney General that the individual is under notice of deportation.

Recomputation because of continued work after entitlement.—The bill changes the provisions under which an individual's primary insurance amount may be recomputed because of continued covered employment after his entitlement to old-age insurance benefits.

The present requirement is that an individual have 6 quarters of coverage after 1950, and must have lost at least 12 of his monthly benefits because of work in covered employment within a 36-month period since the last previous effective computation or recomputation of his benefit amount. This provision served to avoid frequent requests for recomputation of the benefit amount where little or no increase in the benefit rate would result.

In view of the application of the retirement test to earnings in noncovered employment, suspension of benefits because of work may not be reflective of an individual's earnings creditable toward benefit amounts. Your committee believes, therefore, that it is necessary to revise the condition determining when an individual may have his benefit recomputed because of additional earnings. Under the proposed change an individual may qualify for the recomputation if he has been credited with covered wages and self-employment income of $1,000 or more in a completed calendar year after 1953 and after the year in which the individual's benefit was last computed or recomputed. As under present law, the requirement that the individual have at least six quarters of coverage after 1950 will be retained.

This changed provision will also remove certain present restrictions on the recomputation of benefit amounts of persons aged 75 and over who, while continuing to work in covered employment for substantial earnings, cannot meet the requirement for the recomputation because their benefits have not been suspended because of such work.

XII. Actuarial Cost Estimates For Old-Age and Survivors Insurance System

A. Financing policy

The Congress very carefully considered the problems of cost in determining the benefit provisions of both the 1950 and 1952 acts and was of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis from contributions of covered individuals and employers, with employers and employees sharing equally. Accordingly, the law under those acts contained a tax schedule which it was believed would, under a level-wage assumption, make the system self-supporting as nearly as could be foreseen under circumstances then existing. The 1952 act did not affect the program's actuarial balance, which was estimated to remain virtually the same as in the estimates made at the time the 1950 act was enacted; this was the case because of the rise in earnings levels in the 3 or 4 years preceding the enactment of the 1952 act, which rise was taken into account in the estimates for the 1952 act. It was recognized that future experience may be expected to differ from the conditions assumed in the estimates so that any tax schedule, at least in the distant future, might have to be modified.

Subsequent to the enactment of the 1952 act, new cost estimates were developed to take into account the considerable change in economic conditions during the last few years and the additional actuarial and statistical data available from the program's operations and from the 1950 census. According to these new estimates (contained in Actuarial Study No. 36 of the Social Security Administration, Department of Health, Education, and Welfare) the level-premium cost of the benefit disbursements and administrative expenses is somewhat more than one-half percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for the existing trust fund).

The net effect of the changes we have recommended, some of which would increase long-range costs and some of which would decrease them, is an increase in the long-range cost of the program by slightly over one-half percent of covered payroll.

While we recognize that future costs estimates, particularly if earnings continue to rise, may indicate that a lower schedule of contribution rates will provide for a self-supporting system, we believe that our policy should be one of utmost prudence in this area. Consequently the long-range schedule of old-age and survivors insurance contributions should be adjusted so as to meet the additional costs of the changes now proposed and also to cover fully the deficiency which the new estimates indicate in the financing of the present program. With this in mind we have proposed that the scheduled rates on employer and employee in 1970 be raised from 3¼ to 3½ percent and that in 1975 and thereafter the rate be increased to 4 percent, with corresponding changes for the self-employed.

B. Basic assumptions for cost estimates

Estimates of the future cost of the old-age and survivors insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable. Because of numerous factors, such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement program, benefit payments may be expected to increase continuously for at least the next 50 to 75 years.

The cost estimates for the bill are presented here first on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors in the future. Both the low-cost and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1951–52, or somewhat below current experience. Following the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low-cost and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions.

In general, the costs are shown as a percentage of covered payroll. It is believed that this is the best measure of the financial cost of the program. Dollar figures taken alone are misleading, because, for example, extension of coverage will increase not only the outgo but also to a greater extent the income of the system with the result that the cost relative to payroll will decrease.

The low-cost and high-cost assumptions relate to the cost as a percent of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, and so forth.

In general, the cost estimates have been prepared on the basis of the same assumptions and techniques as those contained in the Social Security Administration's Actuarial Study No. 36 (relating to present law) and Actuarial Study No. 38 (relating to H. R. 7199).

In the previous cost estimates (prepared from 1939 on) it had always been assumed that the system would mature in the year 2000 or, in other words, that benefit payments and contributions would be level thereafter. In the new cost estimates of Acturial Study No. 36 and subsequently, this assumption is revised by maturing any trends, such as mortality, in the year 2000 but going on with the estimates for another 50 years. This is necessary because the aged population itself cannot mature by the year 2000. The reason for this is that the

number of births in the 1930's was very low as compared with subsequent experience, and, as a result, there is a dip in the relative proportion of the aged from 1995 to about 2010, which, in itself, would be reflected in benefit costs for that period. Accordingly, the year 2000 is by no means a typical ultimate year.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based on discounting at interest and assuming that benefit payments and taxable payrolls remain level after the year 2050 (actually the relationship between benefits and payroll is virtually constant after about 2020). If such a level rate were adopted, relatively large accumulations in the trust fund would result, and in consequence there would also be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred load, although some may feel it unrealistic because it deals with periods beyond the year 2050, and also because it is dubious to assume a leveling-off or stabilization at any time.

The estimates are based on level earnings assumptions (slightly below the present level). If in the future the earnings level should be considerably above that which now prevails, and if the benefits for those on the roll are at some time adjusted upward so that the annual costs relative to payroll will remain the same, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits nevertheless would not be changed, the cost relative to payroll would, of course, be lower. If benefits are adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. However, in such case this would not be true as to the level-premium cost which would be higher, since under such circumstances the relative value of the interest earnings of the trust fund would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest earnings on the trust fund will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

Financial interchange provisions with the railroad retirement system are, under present law, in effect such that the old-age and survivors insurance trust fund is to be placed in the same financial position as if railroad employment had always been covered under the old-age and survivors insurance program. It is estimated that the net effect of these provisions will be a relatively small net gain to the old-age and survivors insurance system since the reimbursements from the railroad retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings. The long-range costs developed here are for the operation of the trust fund on the basis, as provided in current law, that all railroad employment will be (and beginning with 1937 has been) covered employment.

The balance in the fund thus corresponds exactly to the actual situation arising. But the contribution income and benefit disbursement figures shown (as well as the numbers of beneficiaries) are slightly higher (by less than 5 percent) than the payments which will actually be made directly to the trust fund from contributors and the payments which will actually be made from the trust fund to the individual beneficiaries. This is the case because the figures here include both the additional contributions which would have been collected if railroad employment had always been covered and the additional benefits that would have been paid under such circumstances. The balance for these two elements is to be accounted for in actual practice by the operation of the financial interchange provisions.

C. Results of cost estimates on range basis

Table 4 presents costs as a percentage of payroll for each of the various types of benefits. The level-premium cost for the benefits provided in the bill, on the basis of 2¼ percent interest, is roughly 6.3 to 8.3 percent of payroll, while at 2½ percent interest the corresponding figures are 6.2 percent and 8.0 percent, respectively.

TABLE 4.—*Estimated benefit payments as percent of taxable payroll for bill, by type of benefit*

ACTUAL DATA [1]

[In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze [3]	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's			
1951	0.99	0.15	0.14	0.01	0.07	0.24	0.05	.....	1.65
1952	1.11	.17	.16	.01	.08	.26	.05	.....	1.83
1953	1.50	.22	.20	.01	.09	.30	.07	.....	2.39
LOW-COST ASSUMPTIONS									
1960	2.42	0.30	0.51	0.01	0.16	0.43	0.10	0.04	3.96
1970	3.26	.35	.93	.01	.16	.40	.11	.05	5.28
1980	4.19	.39	1.18	.01	.15	.38	.13	.06	6.48
1990	4.82	.38	1.27	.01	.14	.37	.13	.07	7.20
2000	4.67	.36	1.17	.01	.14	.36	.13	.07	6.90
2020	5.22	.39	1.12	.01	.14	.36	.14	.07	7.45
Level-premium: [4]									
2¼ percent interest	4.22	.36	1.02	.01	.14	.37	.12	.06	6.32
2½ percent interest	4.13	.36	1.00	.01	.14	.37	.12	.06	6.20
HIGH-COST ASSUMPTIONS									
1960	2.94	0.36	0.54	0.01	0.19	0.43	0.10	0.05	4.61
1970	4.01	.42	1.01	.01	.19	.39	.12	.06	6.22
1980	5.19	.46	1.29	.02	.17	.35	.13	.08	7.68
1990	6.29	.46	1.41	.02	.16	.33	.14	.09	8.90
2000	6.57	.46	1.31	.02	.15	.29	.15	.09	9.04
2020	8.67	.60	1.46	.02	.14	.29	.17	.11	11.46
Level-premium: [4]									
2¼ percent interest	5.88	.49	1.18	.02	.16	.34	.14	.08	8.27
2½ percent interest	5.68	.48	1.15	.02	.16	.34	.14	.08	8.03

[1] Excluding effect of railroad coverage under financial interchange provisions.

[2] Included are excesses of wife's and widow's benefits over old-age benefits for female old-age beneficiaries also eligible for wife's and widow's benefits. Also includes husband's and widower's benefits, respectively.

[3] The cost of the "disability freeze" is here shown separately, although in actual practice it is spread among the various types of benefits.

[4] Level-premium contribution rate for benefit payments after 1952 and in perpetuity, not taking into account (*a*) lower contribution rate for self-employed compared with employer-employee rate; (*b*) existing trust fund; and (*c*) administrative expenses. These level-premium rates assume benefits and payrolls rem level after the year 2050.

NOTE.—All estimates are based on high-employment assumptions.

Table 5 presents the estimated operations of the trust fund under the bill on the basis of a 2.4 percent interest rate, which is about what is currently being earned. Under the low-cost estimate, the trust fund builds up quite rapidly and even some 50 years hence is growing at a rate of $5 billion per year and at that time is about $200 billion in magnitude; in fact, under this estimate, benefit disbursements never exceed contribution income and even in the year 2000 are almost 10 percent smaller. On the other hand, under the high-cost estimate the trust fund builds up to a maximum of about $38 billion in 1980–85, but decreases thereafter until it is exhausted in the year 2000. Benefit disbursements exceed contribution income during 1958–69 and again after 1980. Accordingly, the trust fund remains more or less stable at about $25 billion during 1958–69 (since interest income offsets the excess of disbursements over contribution income).

TABLE 5.—*Estimated progress of trust fund under bill, 2.4 percent interest*

ACTUAL DATA FOR PRESENT LAW

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Fund at end of year
1953	$3,945	$3,006	$88	$414	$18,707
LOW-COST ESTIMATE					
1955	$6,258	$4,350	$100	$531	$23,579
1960	7,836	6,745	115	710	30,781
1970	12,592	10,191	143	1,190	51,883
1980	16,352	13,801	172	2,191	94,659
2000	19,867	17,853	216	4,394	188,374
2020	23,411	22,701	265	8,312	354,855
HIGH-COST ESTIMATE					
1955	$6,227	$4,910	$128	$517	$22,604
1960	7,765	7,786	151	583	24,768
1970	12,460	11,871	193	613	26,372
1980	15,923	15,919	232	881	37,463
2000	17,870	21,034	289	(Fund exhausted in 2000)	
2020	18,513	27,631	348		

NOTE.—All estimates are based on high-employment assumptions.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting, as will be indicated hereafter. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and 1952 acts, as set forth in the committee reports therefor and as continued in this bill by your committee, the tax schedule would be adjusted in future years so that neither of the developments of the trust fund shown in table 5 would ever eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward or perhaps would not be increased, in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribu-

tion rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that under the tax schedule adopted, there would be ample funds to meet benefit disbursements for several decades even under relatively high-cost experience.

D. Results of intermediate-cost estimate

This section will present the intermediate-cost estimate, developed from the low-cost and high-cost estimates of this report, by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). This intermediate-cost estimate does not represent the most probable estimate, since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 and 1952 acts, was of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis. This belief is reiterated in this report. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will be different from what will actually be required to obtain exact balance between contributions and benefits. However, this procedure does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates, but rather this principle of self-support should be aimed at as closely as possible.

The tax schedules contained in the 1950 act (left unchanged in the 1952 act) and in the bill are as follows:

Calendar year	1950 act			Bill		
	Employee	Employer	Self-employed	Employee	Employer	Self-employed
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1951–53	1½	1½	2¼	1½	1½	2¼
1954–59	2	2	3	2	2	3
1960–64	2½	2½	3¾	2½	2½	3¾
1965–69	3	3	4½	3	3	4½
1970–74	3¼	3¼	4⅞	3½	3½	5¼
1975 and after	3¼	3¼	4⅞	4	4	6

The tax schedule for the 1950 act was determined to be roughly equivalent to the level-premium cost under the intermediate estimate for the 1950 act when enacted, and continued to be so for the 1952 act for the estimates made at the time of its enactment. As mentioned previously, new estimates made subsequently indicated that this situation was changed. The new schedule contained in the bill both takes account of this situation for present law and provides for the increased cost of the bill arising from the several liberalizing benefit changes.

Table 6 gives an estimate of the level-premium cost of the bill tracing through the increase in cost over the present act according to the major changes proposed.

TABLE 6.—*Changes in estimated level-premium costs of benefit payments as percentage of payroll, by type of change, intermediate-cost estimate, high-employment assumptions*

Item	Level-premium cost
	Percent
Cost of present act: [1]	
1952 estimate, using 2¼ percent interest	6.00
Current estimate, using 2¼ percent interest	6.74
Current estimate, using 2.4 percent interest	6.62
Effect of proposed changes:	
Extension of coverage	−.18
Raising earnings base to $4,200	−.15
Increase in benefits [1]	+.82
Liberalization of retirement test	+.03
Elimination of lowest years of earnings	+.13
"Disability freeze" provision	+.07
Cost of bill,[2] using 2.4 percent interest	7.34

[1] Primarily reflects effect of new benefit formula and conversion table, but also includes effect of revised minimum and maximum benefit provisions and the minor changes in insured status provisions.
[2] Including adjustments (*a*) to reflect lower contribution rate for self-employed compared with employer-employee rate; (*b*) for existing trust fund; and (*c*) for administrative expenses.

It should be emphasized that in 1950 the Congress did not recommend that the system be financed by a high, level tax rate from 1951 on but rather recommended an increasing schedule, which—of necessity—ultimately rises higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under a level-premium tax rate; this fund will be invested in Government securities (just as is much of the reserves of life-insurance companies and banks, and as is also the case for the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and United States Government life insurance systems), and the resulting interest income will help to bear part of the increased benefit costs of the future.

As will be seen from table 6, the level-premium cost of the benefits of the present act—based on 2.4 percent interest—is about 6.6 percent of payroll, while the corresponding figure for the bill is 7.3 percent.

The level-premium contribution rates equivalent to the graded schedules in the present law and in the bill may be computed in the same manner as level-premium benefit costs. These are shown in the table below (on the basis of the intermediate-cost estimate at 2.4 percent interest):

Level-premium equivalent	Present law	Bill
	Percent	*Percent*
Benefit costs [1]	6.62	7.34
Contributions	6.05	7.12
Net difference, or lack of actuarial balance	.57	.22

[1] Including adjustments (*a*) to reflect lower contribution rate for self-employed compared with employer-employee rate, (*b*) for existing trust fund, and (*c*) for administrative expenses.

The 1½ percent increase in the ultimate employer-employee rate in the bill represents an equivalent level increase of slightly over 1 percent, of which about two-thirds is needed to meet the increased cost of the bill, while the remaining one-third is used to reduce the lack of actuarial balance to the point where, for all practical purposes, it may be said to be sufficiently provided for.

Table 7 shows the year-by-year cost of the benefit payments according to the intermediate-cost estimate, not only for the bill but also for the present act. These figures are based on a future level-earnings assumption and do not consider business cycles (booms and depressions), which over a long period of years tend to average out. The benefit disbursements under the bill for 1955 are estimated at about $4.6 billion, with a range of $4.3 to $4.9 billion (as contrasted with contribution income of about $6.2 billion). The dollar amount of the increased cost in 1955 of the bill over the present act is about $600 million, although the cost as a percentage of payroll is slightly lower because of the higher payroll in the bill due to the extended coverage. In subsequent years, the benefit cost of the bill as a percentage of payroll increasingly exceeds the cost of present law, with such excess being somewhat more than one-half of 1 percent after 1970.

TABLE 7.—*Estimated cost of benefit payments under present law and under bill—intermediate-cost estimate, high-employment assumptions*

Calendar year	Amount (in millions)		In percent of payroll	
	Present law	Bill	Present law	Bill
			Percent	*Percent*
1955	$4,075	$4,630	3.05	2.85
1960	5,716	7,266	4.10	4.29
1970	8,318	11,031	5.26	5.75
1980	11,116	14,861	6.40	7.07
2000	14,812	19,444	7.30	7.91
2020	19,475	25,166	8.63	9.22
Level-premium: [1]				
At 2¼ percent interest			6.69	7.22
At 2.4 percent interest			6.60	7.12
At 2½ percent interest			6.54	7.05

[1] Level-premium contribution rate for benefit payments in 1953 and after and into perpetuity, not taking into account (a) lower contribution rate for self-employed compared with employer-employee rate, (b) existing trust fund, and (c) administrative expenses.

Table 8 presents the costs of the benefits under the bill as a percentage of payroll for each of the various types of benefits and is comparable with table 4 of the previous section.

TABLE 8.—*Estimated benefit payments as percent of taxable payroll under bill, intermediate cost estimate*

[In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze [2]	Total benefits
	Old-age	Wife's [1]	Widow's [1]	Parent's	Mother's	Child's			
1960	2.68	0.33	0.53	0.01	0.17	0.43	0.10	0.04	4.29
1970	3.63	.38	.97	.01	.18	.40	.11	.06	5.75
1980	4.68	.42	1.24	.01	.16	.36	.13	.07	7.07
1990	5.53	.42	1.34	.02	.15	.35	.14	.08	8.02
2000	5.57	.40	1.24	.02	.14	.33	.14	.08	7.91
2020	6.74	.48	1.27	.01	.14	.33	.15	.09	9.22
Level premium: [3]									
2¼ percent interest	4.99	.42	1.10	.01	.15	.35	.13	.07	7.22
2½ percent interest	4.85	.42	1.07	.01	.15	.35	.13	.07	7.05

[1] Included are excesses of wife's and widow's benefits over old-age benefits for female old-age beneficiaries also eligible for wife's and widow's benefits. Also includes husband's and widower's benefits, respectively.

[2] The cost of the "disability freeze" is here shown separately, although in actual practice it is spread among the various types of benefits.

[3] Level-premium contribution rate for benefit payments after 1952 and in perpetuity, not taking into account (a) lower contribution rate for self-employed compared with employee-employee rate, (b) existing trust fund, and (c) administrative expenses. These level-premium rates assume benefits and payrolls remain level after the year 2050.

NOTE.—All estimates are based on high-employment assumptions.

Table 9 shows the estimated operation of the trust fund under the bill according to the intermediate estimate (using a 2.4 percent interest rate) and is comparable with table 5 of the previous section. According to this estimate, contribution income generally exceeds benefit disbursements for the next 30 years, although in 1959 and 1964 (the years preceding the next two scheduled increases in the contribution rates) there is a slight excess of benefits over contributions. This difference is more than counterbalanced by interest income so that the fund is estimated to grow steadily until reaching a maximum of $115 billion in 2015, and then decrease. This decline in the long-distant future indicates that, under the bill, the proposed tax schedule is not quite self-supporting under a level-earnings assumption but is sufficiently close, for all practical purposes, considering the uncertainties and variations possible in the cost estimates and considering that current earnings are somewhat above the assumptions made.

TABLE 9.—*Estimated progress of trust fund under bill, 2.4 percent interest, intermediate-cost estimate*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Fund at end of year
1955	$6,242	$4,630	$114	$524	$23,092
1960	7,800	7,266	133	646	27,774
1970	12,526	11,031	168	902	39,128
1980	16,138	14,861	202	1,536	66,061
2000	18,868	19,444	252	2,202	94,120
2020	20,962	25,166	306	2,640	110,358

NOTE.—All estimates are based on high-employment assumptions.

This same situation applied for the 1950 and 1952 acts according to estimates made at the times they were being considered. In regard to the ultimate 6½-percent employer-employee rate under the 1950 act, your committee stated as follows:

> If a 7-percent ultimate employer-employee rate had been chosen, the cost estimates developed would have indicated that the system would be slightly overfinanced. Your committee believes that it is not necessary in such a long-range matter to attempt to be unduly conservative and provide an intentional overcharge—especially when it is considered that it will be many, many years before any deficit or excess in the ultimate rate will be determined and even at that time it will probably be of only a small amount.

In the same manner, the system under the provisions of the bill is not quite in actuarial balance under the contribution schedule therein, although very close to such balance. Yet, it would not seem advisable to have a higher ultimate employer-employee rate, like 8½ percent, which according to these estimates would overfinance the system.

E. Summary of actuarial cost estimates

The old-age and survivors insurance system as modified by the bill has a benefit cost (on the basis of the continuation of 1951–52 wage levels and current interest rates) which is about as closely in balance with contribution income as was the case for the 1950 and 1952 acts at the time they were enacted. In other words, the system as now amended is as nearly in actuarial balance, according to the estimates made, as the 1950 and 1952 acts when they were considered by the Congress. Although in all three instances the system is shown to be not quite self-supporting under the intermediate estimate, there is very close to an exact balance, especially considering that a range of error is necessarily present in long-range actuarial cost estimates and that rounded tax rates are used in actual practice and hence an exact balance would not seem practicable even if exact future conditions were known.

XIII. Public Assistance

The bill extends through September 30, 1955, the provisions of the 1952 amendments, presently scheduled to expire at the close of September 30, 1954, with respect to Federal payments to States for public assistance programs. Until that date, the Federal share in old-age assistance, aid to the blind, and aid to the permanently and totally disabled will continue to be four-fifths of the first $25 of a State's average monthly payment per recipient, plus one-half of the remainder, within individual maximums of $55. For aid to dependent children the Federal share will be four-fifths of the first $15 of a State's average monthly payment per recipient, plus one-half of the remainder within individual maximums of $30 for the adult, $30 for the first child, and $21 for each additional child in a family. This action is taken pending possible consideration of basic amendments in the Federal matching formula. If such amendments are enacted, the temporary extension of present provisions will allow time for States to plan for operations under the revised law. The cost of continuing

such increased Federal payments is about $210 million for the 12-month period.

The bill extends from June 30, 1955, to June 30, 1957, the provision in section 344 of the Social Security Act amendments of 1950 which provided for the approval of certain State plans for aid to the blind which did not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act. The amendment provided that such plans could be approved for the period from October 1, 1950, and ending June 30, 1955. Only two States are now affected by the provision (Pennsylvania and Missouri). Extending the time to June 30, 1957, will enable these two States to have sufficient time to enable them to make the modifications in their State laws necessary so they, like all other States, will comply with the income and resources provision in the act as a condition for Federal grants to the States.

SECTION-BY-SECTION ANALYSIS

The first section of the bill contains a short title, "Social Security Amendments of 1954." The remainder of the bill is divided into four titles: Title I, which amends title II of the Social Security Act; title II, which amends the Internal Revenue Code; Title III, which makes certain amendments relating to public assistance; and title IV, which makes several conforming amendments in the Railroad Retirement Act and other laws.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

Extension of Coverage

Section 101 of the bill amends sections 205, 209, 210, 211, and 218 of the Social Security Act so as to extend coverage under the old-age and survivors insurance system to additional groups of employed and self-employed individuals.

DOMESTIC SERVICE, SERVICE NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

Domestic service

Section 101 (a) (1) of the bill amends paragraph (2) of section 209 (g) of the Social Security Act, which relates to domestic service. This paragraph now provides for the exclusion from wages, for purposes of old-age and survivors insurance, of cash remuneration paid in a quarter for domestic service in a private home unless such remuneration paid in such quarter for the service is $50 or more and the employee is regularly employed by the employer in the quarter. He is "regularly employed" if he performs such service for that employer on at least 24 days in the same quarter or the preceding quarter. The amendment would eliminate the 24-day test, thus making coverage of domestic service depend solely on receipt by the employee, in a quarter, of $50 in cash remuneration from one employer for such service.

As under existing law, domestic service (as well as service not in the course of the employer's trade or business, which is described below) will not include any service described in section 210 (f) (5) (service performed on a farm operated for profit).

Service not in course of employer's business

Section 101 (a) (2) of the bill amends section 209 (g) of the Social Security Act by adding a new paragraph (3). This paragraph relates to cash remuneration received for service not in the course of the employer's trade or business and should be considered together with the repeal of section 210 (a) (3) of the Social Security Act which would be accomplished by section 101 (a) (5) of the bill. Section 210 (a) (3) of the act now excludes, from employment covered by it, service not in the course of the employer's trade or business performed by an

employee in a calendar quarter unless the cash remuneration paid by the employer for such service in that quarter is $50 or more and the service is performed by an individual on at least 24 days in that quarter or the preceding quarter for that employer. The 24-day test for this purpose is the same as the test used under existing law (and described above) for domestic service in a private home. The effect of the new paragraph (3) of section 209 (g), plus the repeal of paragraph (3) of section 210 (a), is to eliminate the 24-day requirement and to make coverage under old-age and survivors insurance of service not in the course of the employer's trade or business depend solely on receipt by the employee of $50 in cash remuneration for the service from that employer.

The $50 test is also changed slightly. Under existing law the $50 must be paid for service performed in a quarter for the employer, and the time of payment is unimportant. Under the new section 209 (g) (3), the test is payment of $50 in a quarter for the service, and the time of performance of the service is unimportant. This change (which parallels a change made in the Internal Revenue Code by the bill) should ease the burden on the employer for reporting purposes.

Agricultural labor

Section 101 (a) (3) of the bill amends section 209 (h) of the Social Security Act by inserting a new paragraph (2) (the existing provisions of section 209 (h) becoming paragraph (1) thereof). The new paragraph would exclude from wages, for purposes of old-age and survivors insurance, cash remuneration paid by an employer to an employee in any calendar year for agricultural labor unless such remuneration is $200 or more. This amendment should be considered with the amendment to paragraph (1) of section 210 (a) of the Social Security Act which would be effected by section 101 (a) (4) of the bill.

Under the existing provisions of section 210 (a) (1) of the Social Security Act the criteria which determine whether agricultural labor performed for an employer is covered by old-age and survivors insurance are tied in with the calendar quarter. Under these provisions agricultural labor performed in a calendar quarter is excluded from employment covered by old-age and survivors insurance unless the cash remuneration paid for such labor is $50 or more and such labor is performed for the employer by an individual regularly employed by him to perform such labor. The "regularly employed" test for this purpose is both more substantial and more complex than the 24-day test now applicable to domestic service and service not in the course of the employer's trade or business. For purposes of section 210 (a) (1)—

an individual is deemed to be regularly employed by an employer during a calendar quarter * * * only if (i) such individual performs agricultural labor * * * for such employer on a full-time basis on 60 days * * * during the quarter, and (ii) the quarter was immediately preceded by a qualifying quarter. A qualifying quarter is defined as (I) any quarter during all of which the individual was continuously employed by the employer, or (II) any subsequent quarter meeting the test of clause (i) above if, after the last quarter during all of which the individual was continuously employed by the employer, each intervening quarter met the test of clause (i). An individual is also deemed to be regularly employed by an employer during a calendar quarter if he was regularly employed (upon application of clauses (i) and (ii)) by the employer during the preceding calendar quarter (H. Rept. No. 2771, 81st Cong., 2d sess. (Conference Report on H. R. 6000), p. 95).

The main effects of the amendments made by paragraphs (3) and (4) of section 101 (a) of the bill are to eliminate the present "regularly employed" test as a requirement for the coverage of an individual's agricultural labor under old-age and survivors insurance; to place the coverage test for agricultural labor on a calendar-year basis, instead of on a calendar-quarter basis as at present; and to make coverage of an individual's agricultural labor depend solely on the payment to him of cash remuneration of $200 or more in a calendar year by the same employer for such labor. Employers of individuals performing agricultural labor who meet this coverage test would report the wages of such employees annually.

At the present time, services performed in connection with the ginning of cotton and services performed in connection with the production or harvesting of crude gum (oleo-resin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum resin, if such processing is carried on by the original producer of the crude gum, are excluded from coverage under old-age and survivors insurance (sec. 210 (a) (1) (B) of the Social Security Act). Also, these services may not be counted in determining whether an individual meets the 60-day-$50 test in connection with other agricultural labor, discussed above, although it may be counted for purposes of a "qualifying quarter." The amendment to section 210 (a) (1) of the Social Security Act would remove the specific exclusion of these services and would have the effect of covering such services under old-age and survivors insurance on the same basis as other agricultural labor.

The exclusion of services performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (Public Law 78, 82d Cong.), would be continued in section 210 (a) (1) of the Social Security Act, as amended by section 101 (a) (4) of the bill. Title V of the Agricultural Act of 1949 now provides that no workers may be made available under it for employment after December 31, 1955. The exclusion in section 210 (a) (1) of the Social Security Act would be inoperative when title V of the Agricultural Act of 1949 ceases to have any effect.

Redesignation of paragraphs of section 210 (a)

As indicated above, paragraph (5) of section 101 (a) of the bill repeals paragraph (3) (exclusion of service not in the course of the employer's business) of section 210 (a) of the Social Security Act. This paragraph of the bill would also make the necessary technical change of redesignating paragraphs (4) through (14) of that section, and any references thereto contained in the Social Security Act to the redesignated paragraphs. This paragraph of the bill does not redesignate paragraphs (15), (16), and (17) of section 210 (a) of the Social Security Act since they are dealt with by later provisions of the bill.

Exclusion of agricultural labor from State coverage agreements

Under section 218 (c) (5) of the Social Security Act, an agreement with a State for covering State and local employees under old-age and survivors insurance may, at the option of the State, exclude agricultural labor or service performed by a student, but only in the case of "service which is excluded from employment by any provision

of section 210 (a) other than paragraph (8) of such section." Since, under the bill, agricultural labor (other than contract labor under title V of the Agricultural Act of 1949) would no longer be excluded from employment and there would be substituted in the definition of "wages" the $200 cash requirement, a conforming change is necessary in section 218 (c) (5). Paragraph (6) of section 101 (a) of the bill would make this conforming change.

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

Under section 210 (a) (5) of the Social Security Act (redesignated by the bill as sec. 210 (a) (4)), individuals employed on and in connection with foreign-flag vessels and individuals employed on and in connection with foreign-flag aircraft are excluded from employment covered by old-age and survivors insurance both with respect to services performed on and in connection with the vessel or aircraft outside the United States and (except in the case of an individual who performs no part of such services outside the United States) with respect to services performed in this country. Section 101 (b) of the bill would amend this section of the act so as to make the exclusion apply only if the individual is not an American citizen or the employer is not an American employer. Consequently, if the individual is an American citizen and the employer is an American employer the services of such individual on foreign-flag vessels or foreign-flag aircraft will be covered whether performed here or abroad. This change would have the effect of treating services performed by these individuals the same as other services performed by American citizens as employees for American employers, which are now covered whether performed here or abroad.

CERTAIN FEDERAL EMPLOYEES

Section 101 (c) of the bill amends the present paragraph (7) of section 210 (a) of the Social Security Act (redesignated as par. (6) by the bill) to extend the coverage of old-age and survivors insurance to certain services performed for the Federal Government.

The present subparagraph (B) of such paragraph excludes service performed in the employ of any instrumentality of the United States which was exempt from the old-age and survivors insurance employer tax on December 31, 1950 (with certain specified exceptions). Section 101 (c) (1) of the bill would amend subparagraph (B) to provide that service performed by an individual in the employ of any such instrumentality would be excluded from old-age and survivors insurance coverage only if it is covered by a retirement system established by the instrumentality, thereby covering employees of such instrumentalities who are not under a retirement system. (Service of Federal employees covered by a retirement system established by a law of the United States would continue to be excluded under subparagraph (A) of the same paragraph.) The bill would also add to the specified exceptions in subparagraph (B) service performed in the employ of a Federal Home Loan Bank and service performed by civilians for Coast Guard Exchanges and other Coast Guard activities. The effect of adding these exceptions would be to cover such service under old-age and survivors insurance.

Section 101 (c) (2) of the bill would amend subparagraph (C) of the present section 210 (a) (7) of the Social Security Act (redesignated as sec. 210 (a) (6) by the bill). Section 210 (a) (7) (C) now excludes from coverage 13 specific categories of Federal employees. The amendment deletes the following seven categories: Temporary employees in the field service of the Post Office Department (who are now excluded from both the old-age and survivors insurance system and the civil service retirement system); temporary census-taking employees of the Bureau of the Census; Federal employees who are paid on a contract or fee basis; Federal employees who receive compensation of $12 a year or less; certain consular agents; and individuals employed under Federal unemployment relief programs to relieve them from unemployment; and members of State, county, or community committees under the Production and Marketing Administration and similar bodies, unless such bodies are composed exclusively of full-time Federal employees. The practical effect of these deletions is to extend coverage to the temporary employees in the Post Office field service and the Bureau of the Census, the contract or fee-basis employees, the $12-a-year employees, and the committee members referred to in the deleted exclusions. There are at present no Federal unemployment relief programs, so that the deletion of this exclusion has no immediate effect. The consular agents now excluded are generally alien employees working outside the United States; such aliens would be excluded from coverage by other provisions of law, although United States citizens so employed would be covered.

Section 101 (c) (2) also amends 2 of the remaining 6 exclusions in section 210 (a) (7) (C). The present exclusion of service performed in hospitals, homes, or other institutions of the United States by patients or inmates of those institutions would be amended to exclude only service performed by inmates of penal institutions, thereby extending coverage to patient-employees of Federal hospitals and homes. The present exclusion of individuals who are excluded from the civil service retirement system because they are covered by another retirement system would be amended by making an exception to the exclusion in the case of individuals covered under the retirement system of the Tennessee Valley Authority. This change would extend coverage to these individuals.

Paragraph (3) of section 101 (c) of the bill would amend paragraph (3) of section 205 (p) of the Social Security Act to apply the provisions of that section to service performed by civilian employees of Coast Guard exchanges and other Coast Guard activities, who would be brought under coverage by the bill. Section 205 (p) deals with determinations respecting employment and wages for old-age and survivors insurance purposes in the case of Federal employees.

MINISTERS

Section 101 (d) (1) of the bill amends the present paragraph (9) of section 210 (a) of the Social Security Act (redesignated as par. (8) by the bill) to permit coverage of certain ministers and members of religious orders employed by nonprofit religious, charitable, educational, or other organizations exempt from income tax under section 101 (6) of the Internal Revenue Code, if the organization has filed a certificate under section 1426 (l) of the Internal Revenue Code waiv-

ing its exemption from the taxes imposed pursuant to the Federal Insurance Contributions Act. The concurrence of two-thirds of the clergymen employees is required for the filing of such a certificate.

The present subparagraph (B) of section 210 (a) (9) of the Social Security Act excludes lay employees of any such organization unless the organization files a certificate of waiver under section 1426 (l) of the Internal Revenue Code. This provision would be retained without any substantive change and would be redesignated as subparagraph (A). The present subparagraph (A) excludes services performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order. This exclusion would be eliminated and in its place would be substituted a new subparagraph (B) excluding such services only if performed in the employ of an organization exempt from income tax under section 101 (6) of the Internal Revenue Code. The new subparagraph (B), however, would permit coverage under old-age and survivors insurance of ministers and members of religious orders (not including any member of a religious order who has taken a vow of poverty as a member of such order) employed by any such organization if the organization has filed with the Internal Revenue Service a certificate indicating its desire to cover its ministers and members of religious orders. (The conditions governing the filing of such a certificate are contained in the Internal Revenue Code, and are explained in the portions of this analysis applying to amendments in the code.) The clergymen who concur in the filing of the certificate, and those employed after the certificate becomes effective (or after the certificate was filed, if the certificate was made effective retroactively), would be covered.

The new subparagraph (B) would have the effect of covering under old-age and survivors insurance, without any option on the part of the employing organization or the employees, any services performed by a minister or member of a religious order as an employee of an organization other than an organization exempt from income tax under section 101 (6) of the Internal Revenue Code. Services performed under such circumstances were covered prior to the Social Security Act Amendments of 1950, and this change merely restores the situation which existed prior to 1951.

Paragraph (2) of section 101 (d) of the bill would repeal paragraph (4) of section 211 (c) of the Social Security Act (defining "trade or business"). Such paragraph (4) now excludes, for purposes of determining net earnings from self-employment and self-employment income on which old-age and survivors insurance coverage is based, income from the performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order. The repeal of this exclusion would result in covering the income of ministers and members of religious orders for old-age and survivors insurance purposes, to the extent that such income is derived from self-employment, on a compulsory basis. Any income of an employed minister which is derived from self-employment (such as the performance of weddings) rather than from his regular employment by a church would also be covered under the old-age and survivors insurance system by such repeal if his total self-employment income

amounted to $400 or more in a year. As indicated above, however, an employed minister could be covered with respect to remuneration paid for his services by his church only through an election by the church and the minister made in accordance with section 1426 (l) of the Internal Revenue Code (discussed below).

Paragraph (3) of section 101 (d) of the bill provides that nothing in the proposed changes relating to ministers is to be construed as meaning that any minister is an employee of an organization for any purpose other than the purposes of the old-age and survivors insurance program. This provision is not intended to affect the status of any minister under title II of the Social Security Act or under the Federal Insurance Contributions Act; it is included in order to make it clear that treating ministers as employees for social-security purposes is not to have any effect for other purposes.

FISHING AND RELATED SERVICE

Section 210 (a) (15) of the Social Security Act now excludes, from employment covered by old-age and survivors insurance, services performed by employees in fishing and similar activities (except when performed in connection with commercial salmon or halibut fishing or on a vessel of more than 10 net tons). Section 101 (e) of the bill would repeal this exclusion and renumber the succeeding paragraphs of section 210 (a) accordingly.

HOMEWORKERS

Section 210 (k) (3) (C) of the Social Security Act now includes as an employee, for purposes of employment covered by old-age and survivors insurance, any individual performing services for remuneration for any person as a homeworker, according to specifications and on materials furnished by such person, which materials are to be returned to him or his designee, but only if the performance of such services is subject to State licensing laws. (Under section 209 (j), which would not be changed by the bill, the remuneration for homework in any quarter is not counted unless the employee received $50 or more in cash in such quarter from the same employer for such work.) Section 101 (f) of the bill would amend section 210 (k) (3) (C) of the act so as to eliminate the requirement that the services be subject to State licensing laws in order to constitute covered employment.

This amendment would not include, however, as employees, homeworkers who are not subject to supervision or control by any person with respect to their home work activities, and who buy raw material and make any article and sell such article to any person, even though it is made according to specifications provided by some single purchaser.

FARMERS AND PROFESSIONAL SELF-EMPLOYED

Section 101 (g) of the bill amends section 211 of the Social Security Act to provide coverage for farm operators and professional self-employed people (other than physicians) who have net earnings from self-employment of at least $400 annually.

At the present time, paragraph (2) of section 211 (a) of the Social Security Act excludes from the definition of "net earnings from self-

employment", for purposes of coverage under old-age and survivors insurance, income from any trade or business in which, if it was carried on exclusively by employees, the major portion of their services would constitute agricultural labor. Section 101 (g) (1) of the bill would repeal this paragraph (thereby covering such income under old-age and survivors insurance to the same extent as other income from self-employment) and renumber the succeeding paragraphs accordingly. In addition, it would add at the end of section 211 (a) a new sentence providing that, in the case of any such trade or business carried on by an individual who reports his income on a cash receipts and disbursements basis, the net earnings from self-employment may, at his option, be presumed to be 50 percent of the gross income therefrom instead of the amount as otherwise computed under the section. This option will be available, however, only if the gross income (as computed under the section) from the trade or business is $1,800 or less. If such gross income is more than $1,800 and the net earnings therefrom (as computed under the section) are less than $900, the farmer may at his option presume such net earnings to be $900 for purposes of old-age and survivors insurance.

In determining his income for purposes of this provision, the farmer would use, as his gross income, the gross receipts from his farm business reduced by the cost or other basis of any property which was purchased and sold in carrying on that business. His gross receipts as so reduced would then be adjusted in accordance with the preceding provisions of section 211 (a).

Paragraph (2) of section 101 (g) of the bill would amend the existing paragraph (1) of section 211 (a) of the Social Security Act. Such paragraph (1) now excludes from the computation of gross income, for purposes of determining net earnings from self-employment, rentals, from real estate unless received in the course of a trade or business as a real-estate dealer. The amendment makes it clear that rentals paid in crop shares would be excluded as being rentals from real estate, whether paid in cash or in kind.

Section 101 (g) (3) of the bill would amend the present section 211 (a) (4) of the Social Security Act (redesignated as sec. 211 (a) (3) by the bill) so as to exclude from "net earnings from self-employment" the gain or loss derived from coal royalties under certain conditions. This is a technical amendment needed to bring this definition in title II of the Social Security Act into line with the definition of the term in the Internal Revenue Code. Section 325 (d) of the Revenue Act of 1951 amended section 481 (a) (4) of the Internal Revenue Code (relating to the old-age and survivors insurance tax on self-employment income) but failed to amend the corresponding provision in the present section 211 (a) (4) of the Social Security Act.

Section 211 (c) (5) of the Social Security Act now excludes, for purposes of determining net earnings from self-employment and self-employment income on which old-age and survivors insurance coverage is based, income from the performance of service by an individual (or a partnership) in the exercise of designated professions. The professional self-employed persons now excluded are physicians, lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, optometrists, Christian Science practitioners, architects, certified, registered, licensed, or full-time practicing public accountants, funeral directors, and professional engineers. Section 101 (g) (4) of the bill

would repeal this exclusion except in the case of physicians, thereby covering the self-employment income from the practice of all of the other professions which are presently excluded (if the net earnings from the trade or business for the year are not less than $400).

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

Subsection (h) of section 101 of the bill amends section 218 of the Social Security Act to permit service performed in positions covered by a State or local retirement system to be included, under prescribed conditions, under an agreement between a State and the Secretary of Health, Education, and Welfare covering State and local government employees for old-age and survivors insurance purposes.

Paragraph (1) of subsection (h) would amend the heading of section 218 (d) (which now reads "Exclusion of Positions Covered by Retirement Systems") by striking out "Exclusion of". It also redesignates the present subsection (d) as paragraph (1) of subsection (d), and amends the new paragraph (1) in several respects. The present provision prohibits old-age and survivors insurance coverage, under any agreement, of employees in positions covered by State or local retirement systems on the date when the agreement is made applicable to their coverage group. To this would be added a prohibition against old-age and survivors insurance coverage of employees in positions covered by retirement systems on the date of the enactment of the new paragraph (2) of the subsection. This change, taken in conjunction with the new provisions added by the bill (as described below), would have the general effect of providing that individuals in positions subject to a State or local retirement system either on the date of the enactment of the bill or on the date the agreement is made applicable to their coverage group could be covered under the agreement only if the members of the system vote in favor of coverage.

This prohibition of coverage of service in positions covered by retirement systems on the date specified would not apply, however, to service in policeman's and fireman's positions; individuals in such positions could still be brought under an agreement if the positions were no longer under a retirement system on the date when the agreement was made applicable to the coverage group which included employees in such positions, even if the positions were under a retirement system on the date of the enactment of the new provisions. Similarly, this prohibition does not apply to employees in positions (other than a policeman's or fireman's position) which were covered by a retirement system on the date an agreement was made applicable to the coverage group which included employees in such positions if on that date (or, in any given case, on such later date as the employee first occupies such a position) the individual in the position is ineligible for membership in the system. Finally, the prohibition does not apply to service in positions which, though covered by a retirement system on the enactment date, were, by reason of action taken prior to the enactment date by the appropriate governmental unit, no longer covered by a retirement system when the coverage group which included employees in such positions was brought under an agreement.

Paragraph (2) of subsection (h) of the bill would add five new paragraphs to section 218 (d).

The new paragraph (2) of section 218 (d) contains a statement that it is the policy of the Congress, in enacting the new provisions permitting the coverage under old-age and survivors insurance of employees under a State or local retirement system, that the protection afforded employees in positions covered under a retirement system on the date a coverage agreement is made applicable to service in such positions, or receiving periodic benefits under the retirement system at that time, will not be impaired as a result of their coverage under old-age and survivors insurance or as a result of legislative enactment in anticipation of such coverage.

The new paragraph (3) permits coverage under an agreement of service performed by employees in positions covered by a retirement system (other than policeman's and fireman's positions and certain other classes of positions which can be excluded at the option of the State (for example, part-time and elective positions, agricultural labor, and student services) if the Governor of the State certifies that the following conditions have been met:

A. A referendum by secret written ballot was held on the question of whether service in positions covered by the retirement system should be included under an agreement;

B. An opportunity to vote in the referendum was given (and was limited) to eligible employees;

C. Ninety days' notice of the referendum was given to all such employees;

D. The referendum was conducted under the supervision of the governor or an agency or individual designated by him;

E. A majority of the eligible employees voted in the referendum; and

F. Two-thirds or more of the employees who voted in the referendum voted in favor of including service in such positions under an agreement under section 218.

The bill provides that an employee would be deemed an "eligible employee" for purposes of the referendum if, at the time the referendum was held, he was in a position covered by the retirement system and was a member of the system, and if he was in such a position at the time when notice of the referendum was given. He would not be an eligible employee, however, if at the time of the referendum he was in a position already covered under the agreement, or if he was in a policeman's or fireman's position, or if he was in a position excluded by the State from coverage under the agreement when it was made applicable to the retirement system involved. In short, the State would have to decide before holding the referendum which of the optional groups it proposed to exclude and then exclude occupants of those positions from participation in the referendum. Any occupants of positions in such groups which were not excluded by the State from the agreement would have to be given the opportunity to participate in the referendum if such referendum is to be valid for purposes of the new provisions of section 218 (d).

No referendum would be valid for the purposes of paragraph (3) unless held within the 2-year period which ends on the date of execution of the agreement (or modification thereof) which extends coverage to the retirement system involved, nor would any referendum be valid if held less than 1 year after any prior referendum with respect to the same retirement system.

The new paragraph (4) of section 218 (d) of the Social Security Act establishes, for purposes of the existing section 218 (c), a separate coverage group consisting of all three of the following categories of employees:

A. All employees in positions covered by the same retirement system on the date when the agreement under section 218 with the State was made applicable to such system in accordance with the conditions in paragraph (3). The employees in this category are those to whose services an agreement cannot be made applicable under existing law because the services are performed in positions covered by a retirement system.

B. All employees in positions which were covered by that retirement system at any time after the date when the agreement was made applicable to the system. The employees in this category are those in positions which are brought under the retirement system after the agreement is made applicable to the system.

C. All employees in positions which were covered by the same retirement system at any time prior to the date when the agreement was made applicable to the system, and to which the old-age and survivors insurance system was not extended because of the existing provisions of section 218 (d) (which, under the bill, are contained in section 218 (d) (1)). The employees in this category are those in positions which were covered by the retirement system at the time the agreement was made applicable to the coverage group of which they were members, but which were later removed from coverage under the retirement system. The category includes employees in covered positions who are not themselves eligible for membership in the retirement system. These employees are excluded from coverage under present law; under the bill they could be covered, or, if the State so desired, they could be excluded from coverage when other employees who are not members of the retirement system are brought in.

Subparagraph (A) of the new paragraph (5) provides that the new provisions permitting extension of old-age and survivors insurance coverage to positions covered by retirement systems after a referendum are not applicable to any policeman's or fireman's position covered by a retirement system. By reason of the provisions of existing law which continue to be applicable to such policeman's or fireman's positions, services in such positions cannot be covered under an agreement if the positions are covered under a State or local retirement system at the time when the coverage group which includes employees performing services in such positions is brought under the agreement.

Subparagraph (B) of the new paragraph (5) provides that, at the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of section 218 (c) and to which the agreement does not already apply, except those specified in paragraph (3) (C) of section 218 (c), may be excluded from the agreement at the time it is made applicable to the retirement system. Under this paragraph, the State may exclude emergency services and services in any classes of elective, part-time, or fee-basis positions, and also agricultural labor and student services which, if the services involved were performed for an employer other than a State or political subdivision, would be excluded from the program. Each such class so excluded

would constitute a separate retirement system in the event that the agreement was later modified to bring that class in. The services referred to in paragraph (3) (C) of section 218 (c), which could not be excluded under this paragraph when the agreement is made applicable to the retirement system, are services performed by individuals in positions covered by the system who are ineligible for membership in the system. Employees in these positions not already included under the agreement would have to be brought under it at the time it is made applicable to the retirement system covering those positions.

The new paragraph (6) provides that a retirement system which covers positions of employees of the State and positions of employees of 1 or more political subdivisions thereof, or covers positions of employees of 2 or more political subdivisions of the State, may be deemed, at the option of the State, to constitute a separate retirement system with respect to each such political subdivision, and where applicable, a separate retirement system with respect to the State. If the State determines that the retirement system shall not be deemed to constitute separate retirement systems, then any referendum must apply to the entire retirement system and any agreement or modification entered into must be made applicable to service performed by all employees in positions covered by the system.

Paragraph (3) of section 101 (h) of the bill amends section 218 (c) (3) of the Social Security Act, which provides that an agreement shall, at the request of the State, exclude certain specifically designated positions. The amendment adds another such optional exclusion. This new provision permits a State to exclude from coverage under an agreement all services performed by individuals as members of any coverage group who are in positions covered by a retirement system on the date when the group is brought under the agreement if these individuals are not eligible to become members of the system on that date (or on any later date when they first occupy the positions) and if they have not already been included under the agreement by means of a referendum. This optional exclusion does not apply, however, in the event that the coverage group brought under the agreement consists of the retirement system covering the positions of these ineligible employees; under paragraph (5) (B) of the new section 218 (d) they would have to be brought under the agreement.

Paragraph (4) of section 101 (h) of the bill amends section 218 (c) (4) of the Social Security Act, which provides that services in positions excluded at the option of the State under section 218 (c) (3) may later be brought under coverage. The amendment would add a new sentence providing that individuals in positions covered by a retirement system but ineligible for membership in the system when their coverage group is brought under an agreement may be brought under the agreement at any later time—either without a referendum, if they are still ineligible for membership at the time or after a favorable referendum, if they have since become members of the retirement system.

Paragraph (5) of section 101 (h) amends section 218 (c) of the Social Security Act by adding to it a new paragraph (7). The new paragraph provides that, in order to bring under an agreement individuals in positions covered by a retirement system but not eligible for membership in the system, the State must make a choice. It must either agree that all such ineligible individuals in a single cover-

age group who later become eligible for membership in the retirement system will continue to be included under the agreement for old-age and survivors insurance, or it must agree that all such individuals in the group who later become eligible will cease to be included under the agreement. If, however, the agreement had been made applicable to the retirement system in the meantime, all such individuals would have to remain under the agreement when they became eligible for membership in the system.

Paragraph (6) of section 101 (h) of the bill amends section 218 (f) of the Social Security Act, which relates to the effective dates of agreements and modifications thereof. Under the existing language agreements or modifications executed prior to January 1, 1954, could be made effective retroactively to January 1, 1951, thus enabling the States to negotiate agreements in the early days of the provisions relating to coverage of State and local employees without unduly penalizing the employees under the eligibility and benefit-computation provisions of old-age and survivors insurance because of unavoidable delay in this process. In the case of agreements or modifications executed after December 31, 1953, the coverage provided thereby may be made retroactive only to the beginning of the calendar year in which the agreement or modification is consummated. This provision would be modified by the bill to permit agreements or modifications entered into during 1955, 1956, and 1957 to be made retroactive to January 1, 1955. This will give the States 3 years within which to enact any legislation necessary to enable them to enter into agreements or modifications of agreements designed to take advantage of the new provisions of section 218 (d) of the Social Security Act which have been added by the bill.

An agreement or modification retroactive to a date prior to its execution, either under existing law or by reason of the provisions of section 101 (h) of the bill, may not be made applicable with respect to service in the retroactive period performed by any individual who is not a member of a coverage group to which the agreement or modification applies on the date of the execution of the agreement or modification. Thus, service performed by individuals who die, retire, or otherwise leave the employ of the State or political subdivision prior to the date of execution of an agreement or modification would not be covered for retroactive periods.

Paragraph (7) of section 101 (h) of the bill amends section 218 (m) of the act (relating to coverage of employees under the Wisconsin retirement fund) by changing the reference to "subsection (d)" to "paragraph (1) of subsection (d)".

Paragraph (8) of section 101 (h) adds to section 218 of the act a new subsection (n), which provides that an agreement may, prior to January 1, 1958, be modified so as to apply to services performed by employees, as members of any coverage group to which the agreement already applies, in positions which were covered by a retirement system on the date the agreement was made applicable to the coverage group but which, by reason of action taken prior to the date of enactment of the bill, are no longer covered by a retirement system on the date when the agreement is made applicable to such services. The employees referred to are those who, after their coverage group was included under an agreement, had their retirement system dissolved or their positions removed from the coverage of a retirement

system by reason of action taken by the State or political subdivision thereof prior to the date of enactment of the bill. A referendum would not be required for covering these employees.

The amendments to section 218 of the Social Security Act made by section 101 (h) of the bill would become effective January 1, 1955

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS

Paragraph (1) of section 101 (i) of the bill amends paragraph (5) of section 218 (b) of the Social Security Act (which defines "coverage group") by adding a new provision. This provision would establish as a separate coverage group civilian employees of State National Guard units who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense. These employees would also be deemed to be employees of the State. The Department of Defense does not regard these employees as Federal employees and has made provision for the payment of the employer's share of the old-age and survivors insurance taxes where the State is willing to cover the employees under its agreement. This amendment would be effective as of January 1, 1951.

Paragraph (2) of section 101 (i) provides that, notwithstanding section 218 (f) of the Social Security Act, any agreement or modification covering the services performed by members of the coverage group which consists of these civilian employees of State National Guard units may have an effective date as early as December 31, 1950, provided the modification or agreement is agreed to prior to January 1, 1956.

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

Section 101 (j) (1) of the bill establishes a presumption that work deductions have been made from benefits of certain State and local employees whose services have been covered retroactively by a State under an agreement entered into under section 218 of the Social Security Act. Under section 218 an agreement with a State for coverage of the services of State and local employees under the old-age and survivors insurance system may be made retroactive to January 1, 1951, if the agreement was entered into before January 1, 1954. Where such an agreement has been made, any employees performing services covered retroactively, who were, at the time of the performance of the services, entitled to benefits under old-age and survivors insurance did not suffer deductions under section 203 (b) (1) or (2) of the Social Security Act, even though the remuneration received for such services exceeds the amount permitted under such section. In some cases this prevents an employee whose services are thus covered retroactively from qualifying for a recomputation of his benefit amount under section 215 (f) (2) of the Social Security Act since under that section a recomputation is authorized only if the primary beneficiary has had deductions from benefits on account of services performed during 12 months out of a period of 36 months.

This section of the bill would establish a presumption that such deductions have been made if they would have been imposed under section 203 (b) of the Social Security Act had the agreement been entered into on its effective date. Such a presumption would be made, however, only for purposes of determining whether on the basis of an application filed after the month in which the bill is enacted and prior to 1956 any person is entitled to a recomputation, under section 215 (f) of the Social Security Act, of the primary insurance amount of the individual who performed the services covered retroactively by the State agreement. The presumption would not be made if the individual's primary insurance amount had previously been recomputed under section 215 (f) (2) of the Social Security Act.

The recomputation provided for in this section of the bill would be made as though the individual who performed the services had filed his application therefor in whichever of the following months yields the higher primary insurance amount: (1) The month for which the last of the deductions is deemed to have been made under this section of the bill, or (2) the first month thereafter (but before the month in which the bill is enacted) in which his old-age insurance benefits were no longer subject to deductions for work under paragraphs (1) and (2) of section 203 (b) of the act (as in effect prior to the enactment of the bill). The recomputation would be made only under the provisions of the act as in effect prior to the enactment of the bill and would be effective beginning with the first month in which the application for recomputation referred to in the preceding paragraph was actually filed.

If any recomputation is made under section 215 (f) of the Social Security Act by reason of deductions which are presumed under paragraph (1) of section 101 (j) of the bill to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of benefits based on such wages and self-employment income for the months for which such deductions were presumed to have been imposed is to be recovered, under paragraph (2) of the subsection, by making deductions, in addition to any others required by section 203 of the Social Security Act, from any increase in benefits based on such wages and self-employment income and resulting from such recomputation.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

Section 101 (k) of the bill amends the introductory language of section 210 (a) of the Social Security Act to include in the definition of "employment" service performed outside of the United States by a citizen of the United States as an employee of a foreign subsidiary (as defined in the new sec. 1426 (m) of the Internal Revenue Code) of a domestic corporation (as determined in accordance with the provisions of sec. 3797 (a) of the Internal Revenue Code) during any period for which there is in effect an agreement with respect to such subsidiary between the domestic corporation and the Secretary of the Treasury entered into under section 1426 (m) of the Internal Revenue Code (discussed below).

EFFECTIVE DATES

Section 101 (l) provides effective dates for the amendments made by section 101 of the bill. The exclusion of coal royalties from "net earnings from self-employment" under section 211 (a) of the Social Security Act (sec. 101 (g) (3) of the bill) would be effective for taxable years beginning after 1950. The extension of coverage to farm operators, self-employed professional groups, and self-employed ministers (secs. 101 (d) (2) and 101 (g) (1), (2), and (4) of the bill) would be effective, except for purposes of section 203 of the Social Security Act, for taxable years ending after 1954. The provisions relating to the coverage of agricultural labor and service not in the course of the employer's trade or business (sec. 101 (a) (2), (3), (4), (5), and (6) of the bill) would be effective with respect to remuneration paid after 1954 (in the case of the amendments to the definition of "wages") and with respect to service for which the remuneration is paid after 1954 (in the case of the amendments to the definition of "employment"). The provisions relating to coverage of domestic service (sec. 101 (a) (1) of the bill) would be effective with respect to remuneration paid after 1954. The amendment making applicable to Coast Guard Exchanges and similar activities the administrative provisions of section 205 (p) of the Social Security Act (sec. 101 (c) (3) of the bill), which are now applicable in the case of other service for the Federal Government covered under old-age and survivors insurance, would become effective January 1, 1955. The amendments made by the rest of section 101 of the bill (other than subsecs. (h) and (i), relating to employees covered by State or local retirement systems, and subsec. (k), relating to coverage of service performed for foreign subsidiaries of domestic corporations by employees who are United States citizens), would be effective with respect to services performed after 1954. In the case of the amendments made by paragraphs (1), (2), and (4) of section 101 (g) and paragraph (2) of section 101 (d) (extending coverage to farm operators, self-employed professional groups, and self-employed ministers), a special effective date (self-employment income derived after 1954) is provided for purposes of section 203 of the Social Security Act in order to avoid work deductions retroactive before 1955 where an individual is on a fiscal-year basis.

Increase in Benefit Amounts

Section 102 of the bill amends section 215 of the Social Security Act (relating to the computation of the primary insurance amount) to provide increases in benefit amounts, both for individuals already on the benefit rolls and those who will come on the rolls after the effective date.

Primary insurance amount

Paragraph (1) of section 215 (a) of the act, as amended by the bill, sets forth a new benefit formula to be used in computation of the primary insurance amount of individuals who (1) have acquired at least six quarters of coverage after 1950 and either do not become eligible for old-age insurance benefits until after the last day of the

month following the month of enactment of the bill or die after that day and prior to becoming eligible for old-age insurance benefits, or (2) acquire at least six quarters of coverage after June 30, 1953. The new benefit formula would be used if it resulted in a higher primary insurance amount than would result for such individual if his benefit amount were computed under the new conversion table provided in section 215 (c) as amended by the bill.

The benefit formula provided by the bill would be 55 percent of the first $110 of average monthly wage plus 20 percent of the next $240 of such wage. Under present law, the formula is 55 percent of the first $100 of average monthly wage plus 15 percent of the next $200.

Paragraph (2) of section 215 (a) as amended by the bill provides that any other individual shall have his primary insurance amount computed through the conversion table in section 215 (c) as amended by the bill.

Average monthly wage

Section 102 (b) of the bill amends section 215 (b) of the Social Security Act to provide standard end-of-the-year starting and beginning-of-the-year closing dates, applicable to both wage earners and self-employed individuals, for computation of the average monthly wage, and to provide for the exclusion of up to 5 years in which earnings were lowest (or nonexistent) from the average monthly wage computation.

Paragraph (1) of the subsection amends paragraphs (1), (2), and (3) of subsection 215 (b) of the act (relating to computation of the average monthly wage).

The amended paragraph (1) of section 215 (b) eliminates the distinction, in present law, between the "wage closing date" and the "self-employment income closing date," and the provision that the individual's "divisor closing date" shall be the later of his "wage closing date" or "self-employment income closing date." An individual's average monthly wage, under the amended paragraph, would be the quotient obtained by dividing the total of his wages and self-employment income after his "starting date" and prior to his "closing date" by the number of months elapsing between those dates. Excluded from this computation would be the months in any year after an individual's starting date, but prior to the year in which he attained age 22, in which he did not have at least 2 quarters of coverage. Under present law, the months in any quarter prior to the quarter of attainment of age 22 which is not a quarter of coverage are excluded from the computation. As in present law, the minimum divisor used for the computation would be 18.

Paragraph (2) of section 215 (b) as amended by the bill provides that an individual's "starting date" shall be December 31, 1950, or, if later, the last day of the year in which the individual attains age 21, whichever results in the higher average monthly wage.

Paragraph (3) of section 215 (b) as amended by the bill provides that an individual's "closing date" shall be whichever of the following results in the higher average monthly wage: (1) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or (2) the first day of the year in which he

first became eligible for old-age insurance benefits (i. e., was both fully insured and attained retirement age). In those cases where adequate evidence of earnings in the year of death or entitlement is available to the Secretary at the time of benefit computation, an alternative computation using as the closing date the first day of the year following the year of death or entitlement may be made. Where the alternative closing date would increase the individual's average monthly wage, the higher amount would be paid at that time.

Evidence would be considered to be available when it can be readily obtained as, for example, where the individual brings such evidence with him or can obtain it with reasonable promptness or such evidence can be readily obtained from the employer. If the earnings in the year of death or entitlement are not used in the initial computation of the benefit, provision is made in section 215 (f) (3) of the act as amended by the bill, whereby the individual (or his survivor in the event of his death) can have the benefits recomputed upon application after the year of death or entitlement. In such a recomputation the closing date becomes the first day of the year after the year of death or entitlement so that earnings in such year of death or entitlement may be used in the benefit computation. They will be used, however, only if they produce a higher average monthly wage and, therefore, a higher benefit amount.

Paragraph (2) of section 102 (b) of the bill deletes paragraph (4) of section 215 (b) of present law and replaces it with a new paragraph which directs the Secretary to determine, and to exclude from the computation of an individual's average monthly wage, the four or fewer full calendar years which, if the months thereof elapsing after the individual's starting date and prior to his closing date, and the wages and self-employment income for such years, were excluded from the computation, would produce the highest primary insurance amount. In the case of any individual who had at least 20 quarters of coverage in the period ending with the calendar quarter before his closing date, the maximum number of years to be dropped would be 5, instead of 4.

Determinations made by use of the conversion table

Section 102 (c) of the bill amends section 215 (c) of present law to provide a new conversion table to be used to increase the benefits of individuals already on the rolls and to compute the primary insurance amount of certain individuals who come on the rolls after the enactment of the bill.

Paragraph (1) of the amended section sets forth the new conversion table, as follows:

"I "If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

Column I of the table contains amounts of primary insurance benefits computed on the basis of average earnings from January 1, 1937, and under the benefit formula provided in the Social Security Act before the 1950 amendments. Column II contains primary insurance amounts computed under the present act, either through the conversion table in the act, or through the benefit formula provided therein in cases where average earnings after 1950 are used in the computation. Column III sets forth the new primary insurance amounts to which the amounts on corresponding lines in columns I and II are to be increased. Column IV sets forth the average monthly wage to be used in setting the maximum amount of benefits payable to the family.

The table is designed to provide an increase of at least $5 in primary insurance amounts. The amounts in column III of the table for which there is in column I a corresponding primary insurance benefit

were computed by applying the new benefit formula in the bill to the amounts of average monthly wage in column III of the conversion table in present law, and further increasing any of the resultant primary insurance amounts so that they were at least $5 more than the primary insurance amounts in the present conversion table corresponding to such average monthly wage. The table is so constructed that at average monthly wage levels of $130 or more, benefit amounts for individuals having the same average monthly wage will be identical, regardless of whether the benefit is computed through the conversion table or the new formula. Where the individual's average monthly wage, even after a dropout of low years, is less than $130, the conversion table may give a more favorable result. The amounts in column II for which there are corresponding amounts of primary insurance benefits in column I are derived by applying to such primary insurance benefits the conversion table in present law. The amounts in column II for which there are no corresponding primary insurance benefits (i. e., amounts above $77.10) are derived from actual average monthly wages on the basis of earnings after 1950 under the formula in section 215 (a) (2) of present law.

The amounts in column IV are amounts of average monthly wage which would yield the primary insurance amount on the corresponding line in column III by applying the revised benefit formula in section 215 (a) (1) (A) of the act as amended by the bill. Such amounts in column IV will determine the maximum amount of the benefits payable on the basis of an individual's wages and self-employment income under section 203 (a) of the act, as amended by the bill.

Paragraph (2) sets forth the methods to be used for computation of the new primary insurance amount for amounts that fall between the amounts on any two consecutive lines of column I or II of the table. Subparagraph (A) of the paragraph provides that when the primary insurance benefit falls between the amounts on any two consecutive lines in column I of the table, the new primary insurance amount is to be determined by applying the new benefit formula to the average monthly wage which would be determined for the individual under the applicable provisions of present law relating to the determination of benefits under the conversion table where the old primary insurance benefit falls between the amounts on two consecutive lines of the existing table. The primary insurance amount thus obtained, if not already a multiple of 10 cents, would be rounded upward to the next higher multiple of 10 cents and would then be increased, if necessary, to the extent that it is less than $5 greater than the primary insurance amount that would be derived from the individual's primary insurance benefit under the provisions of present law.

Subparagraph (B) of the paragraph provides that when an individual's primary insurance amount (computed under the benefit formula in present law) falls between any two consecutive lines in column II of the table, the new primary insurance amount shall be computed as in subparagraph (A) in those cases where the primary insurance amount under present law can be derived from a primary insurance benefit in accordance with the applicable provisions in present law. Where it cannot be so derived, or where the primary insurance amount derived under present law is more than $77.10, the new primary insurance amount would be derived by applying the new benefit formula in the bill to the average monthly wage from which the

present primary insurance amount was determined. The resultant amount would be rounded to the next higher multiple of 10 cents if it is not already a multiple of 10 cents and would then be increased to the extent, if any, that it is less than $5 greater than the primary insurance amount computed under present law.

Subparagraph (C) of paragraph (2) provides that in cases where the individual's primary insurance amount can be computed under the provisions of both subparagraph (A) and subparagraph (B), the subparagraph that yields the larger primary insurance amount shall be used.

Section 215 (c) (3) of the Social Security Act is repeated in the bill. It is designed to facilitate the mechanical processing of the increases provided by the bill by providing for an assumed primary insurance benefit 1 or 2 cents more or less than the actual primary insurance benefit from which a benefit under section 202 has been computed.

Section 215 (c) (4) of the Social Security Act as amended by the bill provides that, for purposes of section 203 (a) (setting the maximum monthly amount of benefits payable on a single wage record), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of the amended subsection (providing a method for computing the new primary insurance amount for persons whose primary insurance benefits or present-law primary insurance amounts fall between the amounts on any two consecutive lines in column I or II of the conversion table) shall be a sum equal to the average monthly wage which would result in such new primary insurance amount if the new benefit formula provided in the amended section 215 (a) (1) (A) were applied to such average monthly wage. However, if such average monthly wage is not already a multiple of $1, in lieu of being rounded to the next lower multiple of $1 as it is under existing law, it would be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it was a multiple of $0.50).

Primary insurance benefit and primary insurance amount for purposes of conversion table

Section 102 (d) of the bill amends section 215 (d) of present law to add provisions for computation of a primary insurance amount for purposes of the conversion table to the present provisions for computation of a primary insurance benefit for such purposes.

Paragraph (1) changes the heading of section 215 (d) to read "Primary Insurance Benefit and Primary Insurance Amount for Purposes of Conversion Table."

Paragraph (2) changes the introductory sentence of subsection (d) of section 215 to provide that primary insurance amounts required by the conversion table procedures would be computed under the provisions of the subsection.

Paragraph (3) amends paragraph (4) of subsection 215 (d) of the Social Security Act to provide that a primary insurance benefit would not be computed in the case of any individual who attained age 22 after 1950 and with respect to whom not less than 6 of the quarters elapsing after 1950 are quarters of coverage. Such an individual is not eligible for a primary insurance benefit computation under present law. He could still have a primary insurance amount, based on earnings after 1950, computed for purposes of the conversion table.

Paragraph (4) of section 102 (d) of the bill adds a new paragraph (6) to section 215 (d) of the Social Security Act, to provide that an individual's primary insurance amount for purposes of the conversion table shall be computed under the provisions of present law, except that the provisions of the bill relating to the new standard starting and closing dates for computation of average monthly wage, to increase in earnings counted after 1954, and to elimination of periods of disability from the computation, would be applicable. The provisions for dropping up to 5 lowest years, however, would not be applicable to computations made under this paragraph, although they would be applicable to computations of primary insurance benefits for purposes of the conversion table.

Recomputation of benefits

Section 102 (e) (1) of the bill amends section 215 (e) of the act (relating to wages and self-employment income not to be counted in the computation of the average monthly wage) by adding a new paragraph (3) to provide that if an individual's closing date is the first day of the year in which he became entitled to old-age insurance benefits, and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes entitled to old-age insurance benefits, his self-employment income in such taxable year may not be counted, except as provided in section 215 (f) (3) (C) of the act as amended by the bill (relating to a special recomputation for such individuals after the close of the taxable year).

Paragraph (2) of section 102 (e) amends section 215 (f) (2) of the act (relating to recomputation of benefits to take account of earnings after entitlement). Under section 215 (f) (2) (A) of present law, one of the requirements for an individual to qualify for such a recomputation is that his benefits must have been suspended, on account of earnings in excess of the amount permitted by the retirement test, in 12 months out of a 36-month period. Because of the liberalizations in the retirement test made by the bill and the application of that test to noncovered as well as to covered earnings, benefit suspensions would no longer serve as a valid test for determining eligibility for a recomputation to take into account additional earnings after entitlement.

Subparagraph (A) of the amended section 215 (f) (2) would provide that an old-age insurance beneficiary could have his benefit recomputed upon an application for a recomputation of his benefits filed after 1954 if (1) he had at least 6 quarters of coverage after 1950 and before the quarter in which he filed application, (2) he had covered earnings of not less than $1,000 in a calendar year occurring after 1953 and after the year in which he became entitled to old-age insurance benefits, or filed an effective application for a recomputation under section 102 (e) (5) or 102 (f) (2) (B) of the bill (relating, respectively, to the work recomputation under present law to take into account earnings after entitlement and to the dropout recomputation, i. e., dropping of up to 5 years of lowest earnings or no earnings, provided for in the bill), whichever of these 3 events is the latest; and (3) he filed the application for recomputation under the subparagraph no earlier than 6 months after the end of the calendar year referred to

in item (2) above. The increased benefits resulting from an effective recomputation would be payable retroactively for up to 12 months prior to the month in which the application was filed, but in no case for any month prior to the month following the calendar year referred to in item (2), above.

Subparagraph (B) provides that (except for the first work recomputation under the new subparagraph (A)) a recomputation under subparagraph (A) shall be made only under the new benefit formula provided in the new section 215 (a) (1) (A) of the act, as amended by the bill, with computation of the average monthly wage based on a closing date of the first day of the year in which the application was filed.

Subparagraph (C) provides that if the recomputation is the first for which the individual has qualified under subparagraph (A), the recomputation will be made as though the individual first became entitled to benefits in the month in which he filed application for the recomputation. Thus, his benefit will be computed under all applicable methods specified in section 215 (a) as amended by the bill. For purposes of determining whether a recomputation is the first under this subparagraph, a recomputation under section 102 (e) (5) (B) or 102 (f) (2) (B) of the bill (relating, respectively, to certain types of work recomputations and to the dropout recomputation provided for in this bill), would be deemed to be a recomputation under this subparagraph.

Subsection (3) (A) of section 102 (e) of the bill amends section 215 (f) (3) of the act (relating to recomputation of benefits) to provide that an individual's primary insurance amount shall be recomputed to take into account earnings in the year (1) in which he became entitled to old-age insurance benefits if he became entitled to such benefits after the effective date of the bill (the end of the month following the month of enactment), or (2) had a recomputation of his benefit under section 102 (e) (5) or 102 (f) (2) (B) of the bill (relating, respectively, to certain work recomputations and the dropout recomputation, or (3) whose primary insurance amount was recomputed for the first time under the provisions of paragraph (2) of the new section 215 (f) (relating to work recomputations for individuals who have earnings of $1,000 in a year), but only if application for such recomputation was filed after the year in which he became entitled to old-age insurance benefits, or in which he filed an effective application for the last recomputation of the type referred to above. The closing date for the recomputation provided by this subsection would be the first day of the year following the year in which he became entitled to old-age insurance benefits or filed his application for the last previous recomputation referred to above, whichever is the later. Any increase in benefit amount resulting from the recomputation would be payable retroactively to the first month for which the last previous computation of his benefit amount was effective, but in no case for more than 24 months prior to the month in which the application for this recomputation is filed.

Where an individual would have been entitled, in the month of his death, to a recomputation of his benefits under the provisions of the preceding paragraph had he filed application therefor, his primary insurance amount may be recomputed upon application filed by a

person entitled to monthly benefits or a lump-sum death payment on the individual's record. The closing date for the recomputation would be the first day of the year following the year in which the individual died, or in which he filed his application for the last previous computation of his primary insurance amount under the situations enumerated in the first sentence of the preceding paragraph, whichever first occurred. Any increase in monthly survivors benefits resulting from the recomputation would be payable retroactively to the month in which the survivor first became entitled to such benefits but in no event for more than 24 months prior to the month the application for recomputation was filed.

Paragraph (3) (B) of section 102 (e) of the bill further amends section 215 (f) (3) to provide (in a new subparagraph (C)) that if an individual's closing date is the first day of the year in which he became entitled to old-age insurance benefits, and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, a recomputation of the individual's primary insurance amount shall be made, after the close of the taxable year, to include in the calculation so much of the self-employment income for such taxable year as is allocated to calendar quarters prior to the closing date. No application would be required for a recomputation under this subparagraph. The recomputed amount would be effective for and after the first month in which the individual became entitled to old-age insurance benefits.

Paragraph (4) of section 103 (e) of the bill amends paragraph (4) of section 215 (f) of the act (relating to the recomputation of the primary insurance amount of a deceased individual) to provide for recomputation of the primary insurance amount on the death after 1954 of an old-age insurance beneficiary, if any person is entitled to monthly survivors benefits or to a lump-sum death payment on the basis of his wages and self-employment income. The recomputation would be made only if the decedent (A) would have been entitled to a recomputation under subparagraph (A) of the section 215 (f) (2), as amended by this bill (relating to a work recomputation for individuals who have earnings of $1,000 in a year), had he filed an application therefor in the month in which he died (without regard to the provision in such subparagraph (A) which requires that the application be filed after the sixth month following the year in which the earnings of $1,000 were derived), or (B) he was paid compensation for services covered under the Railroad Retirement Act which is treated as remuneration for employment under the Social Security Act. If the recomputation is permitted by (A), above, the recomputation would be made as though the individual had filed an application for a work recomputation under section 215 (f) (2) (A) in the month in which he died, and would include, in addition, any railroad compensation paid prior to the applicable closing date used in the computation. If recomputation is permitted by (B), above, the closing date for the recomputation would be the same as that used in the last previous computation of his primary insurance amount, and would include, in addition, only railroad compensation paid prior to such closing date. If the recomputation is permitted by both (A) and (B), the method giving the higher primary insurance amount would be used.

Paragraph (5) (A) of subsection (e) of section 102 of the bill provides that where an individual would have been entitled to a recomputation of his primary insurance amount on account of deductions from benefits or attainment of age 75 and acquisition of 6 quarters of coverage after 1950 under subparagraph (A) or (B) of section 215 (f) (2) of present law (except for the provision that such recomputation must result in a higher primary insurance amount to be effective), his primary insurance amount shall be recomputed on application by him or by a survivor filing application for monthly benefits or a lump-sum death payment on his record. In such recomputation the primary insurance amount would be determined only under the provisions of the bill relating to the conversion table through the use of the benefit formula in section 215 (a) (1) of the present law which provides for a computation on the basis of earnings after 1950. The recomputation would be effective for and after the month in which the application for recomputation is filed.

Paragraph (5) (B) of this subsection provides, in the case of an individual who is entitled, on the basis of an application filed after the effective date of the bill, to a work recomputation under the provisions of subparagraph (A) or (B) of section 215 (f) (2) of present law and who either has less than 6 quarters of coverage after 1950 and prior to the day following the effective date, or first qualified for the recomputation after the month following the month of enactment (i. e., had the 12th deduction under section 203 (b) (1) or (2) of the present law or attained age 75 after that month), that the computation of his primary insurance amount shall be made under all applicable provisions of section 215 of the law as amended by the bill, except that the closing date would be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation. The recomputation would be effective for and after the month in which the application was filed.

Subparagraph (C) of paragraph (5) of section 102 (e) of the bill provides that no individual shall be entitled to a work (or age 75) recomputation of his primary insurance amount under subparagraph (A) or (B) of section 215 (f) (2) of present law, unless (1) he had not less than 6 quarters of coverage in the period after 1950 and prior to January 1, 1955, and (2) either the 12th qualifying deduction occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (3) he meets the other conditions of entitlement to such a recomputation. This subparagraph also provides that if an individual has had a recomputation under either subparagraph (A) or (B) of section 102 (e) (5) of the bill, he shall not be entitled to another recomputation under either of these subparagraphs.

Paragraph (6) of section 102 (e) of the bill provides a special closing date of July 1, 1956, in the case of an individual who dies or becomes entitled to old-age insurance benefits in 1956, provided such individual has not less than 6 quarters of coverage after 1954, and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred. The July 1, 1956, closing date would be used in such cases instead of the first-of-the-year closing dates provided in the bill, but only if it would result in a higher primary insurance amount.

The determination of an individual's closing date in accordance with the above provision would be considered as a determination of his closing date under section 215 (b) (3) (A) of the act as amended by this bill (relating to the closing date of the first day of the year of death or entitlement to old-age insurance benefits), and the recom-

putation provided in section 215 (f) (3) (C) (relating to self-employment income in a taxable year which begins prior to an individual's closing date and ends after the last day of the month preceding the month in which he became entitled to benefits), would be made using the closing date of July 1, 1956, if it would result in a higher primary insurance amount.

In any computation based on the July 1, 1956, closing date, the total of wages and self-employment income after December 31, 1955, which may be used in such computation would be reduced to $2,100, if it is in excess of that amount.

Maximum family benefits

Paragraph (7) of section 103 (e) of the bill amends section 203 (a) of the Social Security Act to provide new maximum limitations on the total monthly amount of benefits payable on the basis of the wages and self-employment income of an insured individual. Whenever such total of monthly benefits is more than $50 and exceeds the larger of 80 percent of the insured individual's average monthly wage or 1½ times his primary insurance amount, such total of benefits would, after any deductions made under section 203 of the act, be reduced to the larger of 80 percent of the insured individual's average monthly wage or 1½ times his primary insurance amount, but in no case to less than $50. If any of the individuals entitled to such benefits would (but for the provisions of section 202 (k) (2) (A) of the act limiting the benefit payments of a child to the benefit payable on the record yielding the largest primary insurance amount) be entitled to benefits on the basis of the wages and self-employment income of more than one insured individual, the benefits could not be reduced to less than 80 percent of the sum of the average monthly wages of all such insured individuals. The maximum amount of family benefits payable could also not exceed $200 a month. Whenever a reduction in family benefits is made under this subsection, each benefit, except the old-age insurance benefit, would be proportionately decreased.

Paragraph (8) of section 102 (e) of the bill provides that in the case of an individual who became entitled (without the application of the retroactive provisions of section 202 (j) (1) of the Social Security Act) to old-age insurance benefits, or died, prior to the day following the month after the month of enactment, the provisions of section 215 (f) (3) of the existing law (regarding recomputation of benefits on application filed 6 months after the month of entitlement or death) would be applicable as though the bill had not been enacted.

Effective date

Section 102 (f) of the bill sets forth the effective date of the provisions of section 102 (a), (b), (c), (d), and (e) of the bill.

Subsection (f) (1) provides that the amendments made by sections 102 (a), (c), (d), and (e) (7) of the bill shall apply, notwithstanding the restrictions on recomputation of benefits in section 215 (f) (1) of the act, in the case of lump-sum death payments with respect to deaths after, and in the case of monthly benefits for months after, the effective date of the bill (the last day of the month following the month in which the bill is enacted).

Under the provisions of subsection (f) (2) (A), the amendment made by subsection (b) (2) (providing for a dropout of up to 5 years

of lowest earnings in computing benefits) becomes applicable in the case of monthly benefits and the lump-sum death payment based on the earnings of an individual only in the following cases:

(1) He first becomes eligible for old-age insurance benefits (i. e., attains age 65 and is fully insured) after the effective date; or

(2) He dies after the effective date without becoming eligible for old-age insurance benefits; or

(3) He is or has been entitled to have a recomputation of his primary insurance amount under section 215 (f) (2) of the act as amended by the bill (relating to work recomputations to take account of earnings after entitlement to old-age insurance benefits) or under subsection (e) (5) (B) of section 102 of the bill (relating to work recomputations of benefits under the present provisions of law in certain cases where application for the recomputation is filed after the effective date of the bill); or

(4) He acquires 6 quarters of coverage after June 1953; or

(5) He files, after the effective date, an application for a disability determination which is accepted as an application under the provisions of section 216 (i) of the act as amended by the bill; or

(6) He dies after the effective date and his survivors are entitled (or would be entitled except for the requirement that the recomputation result in a higher primary insurance amount) to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of the act as amended by the bill.

Subsection (f) (2) (B) provides that the primary insurance amount of an individual who was entitled to old-age insurance benefits or who was 65 or over and fully insured in the month in which the effective date occurs and who has 6 quarters of coverage after June 1953 shall be recomputed upon his application, or if he dies without applying, upon the application of any person entitled on his record to monthly survivors benefits. This recomputation is to be made under section 215 of the act, but without regard to the recomputation provisions in subsection (f) thereof (other than paragraph 3 (C), relating to special recomputations for certain individuals who become entitled to old-age insurance benefits prior to the close of their taxable years), except that in computing his average monthly wage his closing dates shall be the same as if he became entitled to old-age insurance benefits in the month in which he filed his application for such recomputation or in which he died. This recomputation is made effective beginning with the month in which he filed such application, or if he has died, beginning with the first month for which the survivor who filed the application was entitled to monthly survivors benefits. It would not be effective unless it increased the primary insurance amount or if there had been a previous recomputation under the subsection.

Subsection (f) (3) provides that the amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) of section 102 of the bill (relating to computation of the average monthly wage) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits until after the effective date, or who dies after the effective date without becoming entitled to such benefits, or who files an application after the effective date and is entitled to certain work recomputations or a dropout recomputation.

Subsection (f) (4) provides that the amendments made by section 102 (e) (2) of the bill (relating to work recomputations) shall be applicable only in the case of applications for such recomputations filed after 1954. It also provides that the amendment made by section 102 (e) (4) (relating to survivors recomputations) shall be applicable only in the case of deaths after 1954.

Subsection (f) (5) provides that the amendments made by section 102 (e) (3) (A) of the bill (relating to recomputation of benefits to take account of earnings in the year of entitlement) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after the effective date.

Subsection (f) (6) provides that no increase in benefits by reason of the amendments to the Social Security Act made by section 102 of the bill or the dropout recomputation provided in subparagraph (B) of subsection (f) (2) of the bill shall be regarded as a recomputation for purposes of section 215 (f) of the act (except for the amendments made by section 102 (i) of the bill, described below).

Section 102 (g) of the bill amends section 2 (c) (2) (B) of the Social Security Act amendments of 1952 (designed to facilitate the computation of benefit increases under that act for dependents and survivors on the benefit rolls), to provide that that section would become inapplicable after the effective date of the bill. The section would be made unnecessary by the amendments in this bill.

Saving provisions

Section 102 (h) of the bill contains saving provisions to prevent the reduction of benefits in certain cases.

Subsection (h) (1) provides that where an old-age insurance beneficiary and one or more dependents are receiving benefits on the basis of his wages and self-employment income in the month in which the effective date occurs, and the total family benefits would otherwise be reduced by reason of the maximum limitation on total family benefits in section 203 (a) of the Social Security Act, as amended by the bill, the family shall be guaranteed the largest of the following total amounts: (*a*) The maximum amount permitted by such section 203 (a); or (*b*) the maximum amount permitted under present law plus the increase provided by the bill for the old-age insurance beneficiary; or (*c*) the amount being paid to the family under the saving provisions of the Social Security Act amendments of 1952 plus the increase provided by the bill for the old-age insurance beneficiary. Thus, even though the increase made in the retired worker's old-age insurance benefit resulted in a total family benefit in excess of the maximum allowable under the law, the benefits paid to his dependents would not be reduced for months subsequent to enactment of the bill.

Subsection (h) (2) provides that where two or more individuals are receiving survivors benefits on the basis of a deceased individual's wages and self-employment income for the month in which the effective date occurs, and the total of their benefits would otherwise be reduced, under the provisions of section 203 (a) of the Social Security Act, as amended by the bill, to either 80 percent of the deceased individual's average monthly wage or 1½ times the individual's primary insurance amount, the average monthly wage shall be the larger of his average monthly wage as determined under the bill, or the average monthly wage as determined under present law, plus $7. The pro-

visions of this subsection will permit the total of survivors benefits, in cases of reduction as described above, to be raised by about $5.

Minimum survivor's or dependent's benefit

Section 102 (i) (1) of the bill amends section 202 of the Social Security Act to add a new subsection (m). The new subsection would provide that in any case in which the benefit of any individual for any month under section 202 (other than subsection (a)) is, prior to reduction under section 202 (k) (3), less than $30, and no other individual is entitled (without the application of section 202 (j) (1), relating to retroactivity of applications) to a benefit under section 202 for such month, such benefit for such month shall, prior to reduction under section 202 (k) (3), be increased to $30.

Paragraph (2) of section 102 (i) of the bill amends section 202 (i) of the act to provide that the lump-sum death payment under such section may not exceed $255 (the maximum possible under existing law).

Amendments Relating to Deductions From Benefits

Deductions on account of work by beneficiary

Section 103 (a) of the bill amends section 203 (b) of the Social Security Act (relating to deductions from benefits) to put into effect an annual retirement test for beneficiaries whether they have wage or self-employment earnings, or both, and to add a provision for making deductions on account of noncovered remunerative activity outside the United States.

It should be noted for purposes of this analysis of the amendments made by section 103 of the bill that the deductions from an individual's benefits because of an event occurring in any month (including the charging of earnings to such month) are both under the existing law and the amendments, equal to his benefits for such month.

Paragraph (1) of section 103 (a) strikes out paragraphs (1) and (2) of section 203 (b) (relating to deductions from benefits on account of wages and net earnings from self-employment, respectively) and replaces them with a new paragraph (1) to provide for deductions for any month in which he is under age 75 and is charged with any earnings under the provisions of subsection (e) of section 203 as revised by the bill.

Paragraph (2) of section 103 (a) of the bill inserts a new paragraph (2) in section 203 (b) of the law to provide that deductions from benefits shall be made for any month in which an individual is under age 75 and on 7 or more calendar days of which he engaged in noncovered remunerative activity outside the United States (defined in a new section 203 (k) of the act).

Deductions from dependents' benefits on account of work by primary beneficiary

Section 103 (b) of the bill amends section 203 (c) of the act (relating to deductions from dependents' benefits because of work by an old-age insurance beneficiary) by striking out paragraphs (1) and (2) and replacing them with paragraphs that provide that deductions shall be made from the benefits of a wife, husband, or child for any month

in which the old-age beneficiary on whose record of earnings the wife's, husband's, or child's benefit was payable:

(1) was under the age of 75, and for which month he was charged with any earnings for work deduction purposes under the provisions of section 203 (e) as amended by the bill; or

(2) was under the age of 75 and on 7 or more different calendar days of which he engaged in noncovered remunerative activity outside the United States.

Charging of earnings treated as event occurring in month

Section 103 (c) of the bill amends section 203 (d) of the Social Security Act to provide that the charging of any earnings (rather than net earnings from self-employment only, as in present law) shall be treated as an event occurring in the month to which such earnings are charged.

Months to which earnings are charged

Section 103 (d) of the bill amends section 203 (e) of the law to provide a method for charging earnings to particular months of the year for purposes of determining the deductions required under the provisions of sections 203 (b) and 203 (c) of the act as amended by the bill.

Paragraph (1) of section 103 (d) of the bill changes the heading of section 203 (e) of the law to read "Months to Which Earnings Are Charged."

Paragraph (2) of such section 103 (d) amends paragraphs (1) and (2) of section 203 (e) of the law to provide that:

(1) If an individual's earnings for a taxable year of 12 months are not more than $1,000, or if his earnings for a taxable year of less than 12 months are not more than the product of one-twelfth of $1,000 times the number of months in such year, no month in the year shall be charged with any earnings.

(2) If an individual's earnings for a taxable year exceed the amounts stated in the preceding paragraph, the first $80 of excess earnings would be charged to the last month of the taxable year and the balance, if any, of such excess would be charged at the rate of $80 per month to each preceding month of the taxable year until the entire balance has been applied. However, no part of the excess earnings would be charged to any month (1) for which the individual whose earnings are involved was not entitled to a benefit; (2) in which his benefit was suspended because of noncovered remunerative activity outside the United States; (3) in which the beneficiary, if a wife or widow under retirement age or a former wife divorced, had her benefit suspended because of failure to have a child beneficiary in her care; (4) in which a dependent's or survivor's benefit is suspended by section 203 (m) because of residence outside the United States; (5) in which the individual was age 75 or over; or (6) in which the individual did not engage in self-employment and did not render services for wages (determined as provided in sec. 203 (e) (4) of the act, as amended) of more than $80.

Section 103 (d) (3) amends paragraph (3) (B) of section 203 (e) of the law to provide, in addition to the present authority given the Secretary to presume that an individual has engaged in self-employment in a month, authority to presume (for purposes of charging earnings to calendar months) that an individual rendered services for wages of

more than $80 in any month. In the case of self-employment such presumption will apply until it is shown to the satisfaction of the Secretary that the individual rendered no substantial services in such month with respect to any trade or business the net income or loss from which is includible in computing his net earnings or net loss for the taxable year as provided in paragraph (4) of section 203 (e), as amended. The presumption with respect to the rendering of services in a month for wages of more than $80 (determined as provided in paragraph (4) of sec. 203 (e), as amended) will apply until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

The amended paragraph continues the authority of the Secretary to prescribe by regulations the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

Paragraph (4) of section 103 (d) adds new paragraphs (4) and (5) to section 203 (e) of the act.

Subparagraph (A) of the new paragraph (4) defines an individual's earnings for a taxable year as the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus any net loss from self-employment for such year.

Subparagraph (B) of the new paragraph (4) provides that in determining the amount of an individual's net earnings and net loss from self-employment, for purposes of charging earnings to months under section 203 (e), the provisions of section 211 (which define net earnings for coverage purposes) shall apply, except for the exclusion from the definition of "trade or business" of the performance of the functions of a public office and the performance of service by an individual in the exercise of his profession as a physician. Net earnings from self-employment is defined as the excess of income over deductions resulting from the computation and net loss from self-employment is defined as any excess of deductions over income so resulting.

Subparagraph (C) of the new paragraph (4) provides that an individual's wages, for purposes of charging earnings to months under section 203 (e), shall be computed without regard to certain limitations on the amount of remuneration imposed in section 209 of the act, and, if for services as an employee performed within the United States, without regard to whether the services constitute covered employment under title II of the Social Security Act. The limitations on amounts of remuneration referred to in the preceding sentence are those relating to the $4,200 limit on wages in any calendar year and the exclusions from wages of remuneration paid to employees for domestic service in a private home, service not in the course of the employer's trade or business, agricultural labor, and service as an industrial homeworker if less than $50 is received in the calendar quarter ($200 per year in the case of agricultural labor) from a single employer for the service involved.

The new paragraph (5) provides that, for purposes of charging deductions, wages (determined as provided in sec. 203 (e) (4) (C) of the act as amended) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid for services performed in that year, unless it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. The paragraph

also provides that if such reports show the individual's wages for a calendar year, his taxable year will be presumed to be a calendar year until the contrary is shown to the satisfaction of the Secretary.

Penalty for failure to report certain events

Section 103 (e) of the bill amends section 203 (f) of the Social Security Act to provide that any individual who is receiving benefits (whether for himself or on behalf of another individual) subject to deduction because of the occurrence of an event other than earnings in excess of the permitted amount, who fails to report such event to the Secretary prior to the receipt and acceptance of a benefit for the second month following the month in which the event occurred, shall suffer a penalty of an additional deduction of 1 month's benefit for each month for which deductions are required because of the occurrence of the deduction event, and in an amount equal to the deduction imposed because of the occurrence of the event. For the first failure to report, however, only 1 penalty deduction is to be imposed, even though the failure to report is with respect to more than 1 month.

Report of earnings to Secretary

Section 103 (f) (1) of the bill changes the heading of section 203 (g) of the act to read: "Report of Earnings to Secretary".

Section 103 (f) (2) of the bill amends section 203 (g) (1) of the act to provide that if an individual entitled to any monthly benefit in a taxable year has earnings (or wages) in the taxable year in excess of the product of one-twelfth of $1,000 times the number of months in such year, he (or the individual who is in receipt of benefits on his behalf) must make a report to the Secretary of his earnings (or wages) for such taxable year. As under the present provision for reports of net earnings from self-employment, the report must be filed on or before the 15th day of the 3d month following the close of the taxable year, and must contain such information and be made in such manner as the Secretary may by regulation require. A report would not be required for any taxable year if the individual attained the age of 75 in or before the first month thereof.

Section 103 (f) (3) amends section 203 (g) (2) to provide a schedule of penalty deductions for failure to make required reports within the time prescribed by paragraph (1) of section 203 (g) if any deduction is imposed because of earnings in such year. For the first failure to file a timely report for a taxable year with respect to which a deduction is imposed, the penalty would be an additional deduction equal to the individual's benefit (or benefits) for the last month (for which he was entitled to a benefit) of the year for which the report was required. For the second such failure, the penalty would be an additional deduction equal to twice the benefit (or benefits) for the last month of such year, and for the third and subsequent failures, to three times such benefits. In no case would the number of additional deductions with respect to a failure to report earnings for a taxable year exceed the number of months in that year for which the individual received and accepted monthly benefits and for which deductions are imposed by reason of his earnings. The amended paragraph also provides that in determining whether a failure to report earnings is the first or subsequent failure for any individual, the Secretary shall disregard all taxable years ending prior to the

imposition of the first penalty deduction imposed under the amended paragraph, except the latest such year. Thus, even though the failure to file timely returns had persisted over a period of years, only one additional deduction would be imposed, and that for the latest such year.

Section 103 (f) (4) of the bill amends paragraph (3) of section 203 (g) of the act (dealing with reporting of net earnings from self-employment) to make the provisions of such paragraph (3) applicable to earnings from both employment and self-employment (as defined in sec. 203 (e) (4) of the act as amended), rather than to net earnings from self-employment only, and to relate the paragraph to the provisions under which deductions are made because of earnings. A new sentence is added at the end of such paragraph (3) to provide that if, after the close of a taxable year, an individual fails to comply with a request of the Secretary for a report of his earnings for the taxable year or for any other information with respect to such earnings, the failure to comply would in itself constitute justification for a determination that the individual's benefits are subject to deduction because of earnings for each month in such taxable year, or for such months thereof as the Secretary may specify.

Noncovered remunerative activity outside the United States

Section 103 (g) of the bill adds a new subsection (k) to section 203 of the Social Security Act. The new subsection provides that an individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services as an employee outside the United States that are not covered employment as defined in section 210 of the Social Security Act, or if he carries on a trade or business outside the United States, the net income or loss of which cannot be included in computing his net earnings from self-employment for a taxable year, but which would be includible if the trade or business were carried on within the United States. The term "United States," when used with respect to a trade or business, would exclude Puerto Rico and the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands).

Good cause for failure to make reports required

Section 103 (h) of the bill adds a new subsection (l) to section 203 to provide that the failure of an individual to make any report within the time required by subsection (f) or (g) of section 203 as amended by the bill would not be regarded as a failure to file if it is shown to the satisfaction of the Secretary that the individual had good cause for failing to make the report. The Secretary would have authority to determine by regulation what constitutes "good cause" in such situations.

Deductions from benefits of dependents and survivors residing abroad

Section 103 (i) (1) of the bill adds a new subsection (m) to section 203 of the act, providing for deductions from benefits of dependents and survivors residing abroad. This new subsection provides that the benefits of an individual who is entitled to any dependent's or survivor's benefits under section 202 of the act shall be suspended for any month during which such individual was not a resident of the United States, unless (A) such dependent or survivor resided in

the United States for at least 3 years out of the 5 years immediately preceding the first month for which he was eligible for any monthly benefits under section 202 on the basis of the insured individual's wages and self-employment income; or (B) the insured individual on whose wages and self-employment the dependent's or survivor's benefits are based would be currently insured at the time he became eligible for or entitled to old-age or primary-insurance benefits (or at the time of death, if he never became eligible or entitled), even if only service outside the United States by a citizen of the United States for an American employer or a foreign subsidiary of a domestic corporation and deemed military service wage credits were counted; or (C) if, in the case of a child beneficiary, the child was born in the United States and first became eligible for such benefits before the month of attainment of age 3.

Section 103 (i) (2) of the bill amends section 203 (d) (which relates to the occurrence of more than one deduction event in any one month) to add a reference to the deduction event covered by subsection (m).

Section 103 (i) (3) of the bill amends section 214 (b) of the Act (which defines "currently insured individual") to provide that, for purposes of section 203 (m) only, an individual would be currently insured if he had 6 quarters of coverage within the 13-quarter period ending with the first quarter in which he became eligible for old-age insurance benefits (i. e. was fully insured and attained retirement age).

Section 103 (i) (4) of the bill amends sections 217 (a) (1) and 217 (e) (1) of the Act (relating to wage credits for service in the armed forces) to provide that, for purposes of section 203 (m) (1) (B), the limitation (in case other Federal non-veterans' benefits are payable on the basis of the credits) placed on deemed military service wage credits by clause (B) of sections 217 (a) (1) and 217 (e) (1) would not apply.

Section 103 (i) (5) provides that the amendments relating to deductions from benefits of dependents and survivors residing abroad shall be applicable only to individuals who become entitled to dependents' or survivors' benefits after the month of enactment and who were not eligible for such benefits in the month of enactment or in any earlier month.

Section 103 (j) provides effective dates for the various amendments made by the bill in section 203 of the Social Security Act.

Paragraph (1) of section 103 (j) provides that the amendments made with respect to deductions from an individual's benefits because of his own earnings shall be applicable in the case of monthly benefits for months in any taxable year (of the entitled individual) beginning after December 1954. With respect to dependents from whose benefits deductions are made because of earnings by the insured individual, the amended provisions would be applicable in the case of months in any taxable year (of such insured individual) beginning after December 1954. With respect to failure to file timely reports of the events causing deductions other than the charging of earnings, the new provisions would be applicable in the case of monthly benefits for months after December 1954. The remaining amendments made by section 103 of the bill (other than subsecs. (h) and (i), which would become effective on enactment of the bill) would be applicable, with respect to old-age insurance benefits, in the case of monthly benefits for months in any taxable year (of the individual) beginning after

December 1954, and with respect to secondary benefits, in the case of monthly benefits for months in any taxable year (of the insured individual on whose earnings those benefits are based) beginning after December 1954.

Paragraph (2) of section 103 (j) provides that, after enactment of the bill, no additional (penalty) deductions would be imposed under the provisions of present law for failure to file a report of an event which would give rise to deductions because of work under present law, and no deductions for such reasons imposed prior to enactment would be collected after enactment. Taxable years beginning prior to January 1955 would be disregarded in determining whether a failure to file a timely report occurred under section 203 (g) (2) as amended by the bill.

Increase in Earnings Counted

Section 104 of the bill amends the Social Security Act so as to increase from $3,600 to $4,200 a year the maximum amount of earnings that may be counted in the computation of benefits under the old-age and survivors insurance program.

Section 104 (a) of the bill amends section 209 (a) of the act (relating to the definition of "wages") to provide that, for years after 1950 and prior to 1955, the term "wages" would exclude any remuneration in excess of $3,600 paid to an individual with respect to employment in any calendar year, and for years after 1954 would exclude any remuneration in excess of $4,200 paid to an individual with respect to employment during a calendar year.

Section 104 (b) of the bill amends section 211 (b) (1) of the act (relating to the definition of "self-employment income") to exclude from self-employment income, for taxable years ending after 1954, any amount in excess of $4,200 minus the amount of the wages paid to an individual during the taxable year.

Section 104 (c) amends clauses (ii) and (iii) of section 213 (a) (2) (B) of the act (relating to the definition of "quarter of coverage") to provide that for calendar years after 1954, an individual shall be credited with a quarter of coverage for each quarter of the year if his wages for that year equal $4,200. He would also be credited with a quarter of coverage for each quarter of a taxable year ending after 1954 in which the sum of his wages and self-employment income equal $4,200. The crediting of quarters of coverage under those amended provisions would remain subject to the limitations in the law, such as that providing that no quarter occurring after the quarter in which an individual dies shall be a quarter of coverage, and the prohibition against counting a quarter as a quarter of coverage prior to the beginning of such quarter.

Section 104 (d) amends section 215 (e) (1) of the act to provide that earnings up to $4,200, in any calendar year after 1954, shall be used in the computation of an individual's average monthly wage.

Retroactive Applications for Benefits

Section 105 (a) of the bill amends section 202 (j) (1) of the Social Security Act to increase from 6 to 12 the number of months for which benefits may be paid retroactively to individuals who fail to file their applications as soon as they are otherwise eligible.

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Section 105 (b) of the bill provides that the liberalized provisions with regard to retroactivity of benefit payments are to become effective only in the case of applications filed after the effective date of the bill (the last day of the month following the month in which the bill is enacted) for monthly benefits for months after such effective date. However, no individual would be entitled to a retroactive benefit payment by reason of the amendment, for any month prior to the fifth month before the month of enactment of the bill.

Preservation of Insurance Rights of Individuals With Extended Total Disability

Under existing law entitlement to benefits depends upon insured status, and the amount of benefits depends, in general, upon average monthly wage. If an individual becomes disabled he may lose his insured status. If he does not lose his insured status, his average monthly wage will in nearly all cases be reduced.

Section 106 of the bill would protect certain individuals from having their insured status and their average monthly wage adversely affected while they are under an extended total disability.

Quarter of coverage

Section 106 (a) amends section 213 (a) (2) of the Social Security Act, which defines "quarter of coverage."

Paragraph (1) of this subsection amends subparagraph (A) of section 213 (a) (2) of the Social Security Act by redefining "quarter of coverage," in the case of quarters occurring before 1951, to exclude any quarter any part of which was included in a period of disability, other than the initial quarter of such period. In addition, any quarter any part of which was included in a period of disability (other than the first quarter of such period) could not be counted as a quarter of coverage in a calendar year in which wages of $3,000 or more were paid. Existing law, as applied to calendar years before 1951, provides that each quarter of such year following the first quarter of coverage shall be deemed a quarter of coverage, except any quarter in such year in which the individual died or became entitled to a primary insurance benefit and any quarter following such quarter in which he died or became entitled.

Paragraph (2) amends subparagraph (B) (i) of section 213 (a) (2) of the Social Security Act by redefining "quarter of coverage," for quarters occurring after 1950, to exclude any quarter any part of which was included in a period of disability, other than the first and last quarters of such period. Since an individual's period of disability will not necessarily consist of full calendar quarters, a substantial amount of wages may have been paid to him in the early part of the calendar quarter in which his period of disability began or in the latter part of the calendar quarter in which his period of disability ended. This provision, while generally preventing the crediting of quarters of coverage for calendar quarters in a period of disability, recognizes that the first and last calendar quarters in such a period might help the individual, e. g., in meeting the insured status requirements.

Insured status

Section 106 (b) of the bill excludes from the elapsed period under section 214 (a) (2) (A) of the act (relating to fully insured status)

and from the elapsed period under section 214 (b) of the act (relating to currently insured status) any quarter any part of which was included in a period of disability, unless such quarter was a quarter of coverage.

Average monthly wage

Section 106 (c) amends section 215 (b) (1) of the act (defining average monthly wage) and section 215 (e) of the act (relating to certain wages and self-employment income not to be counted in computing the average monthly wage) to exclude from the divisor (the elapsed months) any month in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, and to exclude from the dividend (total of wages and self-employment income): (1) The wages paid in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, and (2) any self-employment income for any taxable year all of which was included in a period of disability.

In order to extend this protection to individuals whose benefits are computed in the future through the conversion table under section 215 (c) of the law and to those individuals who are now on the rolls and whose benefits were computed through the conversion table, section 106 (c) also amends section 215 (d) of the act so as to exclude, wherever necessary, in the computation of the primary insurance benefit of such individuals, any quarter prior to 1951 which was included in a period of disability unless it was a quarter of coverage, and to exclude from such computation any wages paid in any quarter so excluded.

Definition of disability and period of disability

Section 106 (d) of the bill amends section 216 of the act (relating to certain definitions) by adding new subsection (i) defining the terms "disability" and "period of disability."

Paragraph (1) of the new subsection (i) defines "disability" as inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.

"Blindness" also constitutes "disability." "Blindness" is defined as central visual acuity of 5/200 or less in the better eye with a correcting lens; an eye in which the visual field is reduced to 5° or less concentric contraction is considered as having a central visual acuity of 5/200 or less. A medical finding of blindness, as defined, would alone be sufficient proof that an individual is under a "disability." Individuals with a visual handicap which does not meet this definition may, nevertheless, meet the general definition of disability if they are found unable to engage in any substantially gainful activity by reason of visual impairment which can be expected to be permanent.

The paragraph also requires an individual filing an application for a disability determination to submit such proof of the existence of his disability as may be required.

Paragraph (1) of the new section 216 (i) of the act also provides that nothing in title II shall be construed as authorizing the Secretary of Health, Education, and Welfare or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

Paragraph (2) of the new subsection (i) of the act defines a "period of disability" as being a continuous period of not less than six full calendar months during which an individual is under a disability. To qualify for a period of disability an individual must, while he is under a "disability," file an application for a disability determination and meet the requirements as to quarters of coverage contained in paragraph (3). While there will be cases in which regulations will permit the application to be filed on behalf of the disabled individual by someone else, because his impairment is of such a nature that he is unable to file it himself, the application cannot be filed on his behalf after his death. The paragraph further provides that a period of disability cannot begin after the individual attains retirement age (age 65).

A period of disability would start on the day the disability actually began, or on the first day of the 1-year period which ends with the day before the day on which the individual files his application, whichever occurs later, provided the individual satisfies the quarters of coverage requirements of paragraph (3) on such day. However, if the individual does not satisfy the quarters of coverage requirements of paragraph (3) on such day, his period of disability would begin on the first day of the first quarter thereafter in which he satisfies such requirements. A period of disability would end at the close of the month in which either the disability ceased or the individual attained retirement age. An application for a disability determination would remain effective for 3 months after its filing; if the individual has not in that time met the remaining conditions of eligibility, a new application would be required. The earliest date on which an application can be filed is January 1, 1955.

Paragraph (3) of subsection (i) provides that in order for a period of disability to begin with respect to any quarter, the individual must have not less than six quarters of coverage (as defined in sec. 213 (a) (2)) during the 13-quarter period which ends with such quarter; and 20 quarters of coverage during the 40-quarter period which ends with such quarter, not counting as part of the 13-quarter period or the 40-quarter period any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

Retroactivity

Paragraph (4) of section 216 (i) provides that, for applications filed after December 1954 and before July 1957, with respect to a disability which began before July 1956 and continued without interruption until the application was filed, an individual's period of disability shall begin on the day the disability began but only if he met on such day the requirements as to quarters of coverage set forth in paragraph (3). If he did not meet such requirements on such day, then such period shall begin on the first day of the first quarter thereafter in which he met such requirements. The provisions of this paragraph apply, however, only if the individual does not die prior to July 1, 1955.

Under this paragraph, a period of disability could begin as early as the fourth quarter of 1941, the earliest day the individual could have acquired 20 quarters of coverage (as required by paragraph (3)).

Wage credits for military service

Subsection (e) of section 106 of the bill amends section 217 of the act (relating to wage credits provided for service in the Armed

Forces) to provide that such wage credits may be used for purposes of determining an individual's eligibility for a period of disability whether or not they can be used for purposes of determining entitlement to and the amount of old-age and survivors insurance benefits. There is a prohibition against the use of military service wage credits for benefit purposes cases in which the wage credits are used as a basis for another Federal nonveterans benefit.

Use of railroad compensation for disability purposes

Subsection (f) of section 106 amends section 5 (k) of the Railroad Retirement Act of 1937, as amended (relating to the crediting of railroad industry service under the Social Security Act in certain cases) so that railroad compensation can also be used for purposes of determining an individual's eligibility for a period of disability.

Saving provision, disability determinations, and referral for rehabilitation services

Section 106 (g) of the bill amends title II of the Social Security Act by the addition of three new sections after section 219.

The new section 220 contains a saving provision which makes the disability provisions inapplicable if their application would result in the denial of monthly benefits or a lump-sum death payment otherwise payable, or would result in a reduction of any such benefit or payment. Under this section the provisions relating to periods of disability would not apply in the case of any monthly benefit or lump-sum death payment if such benefit or payment would be greater without the application of the provisions. Thus, for example, section 220 permits a blind individual who, subsequent to establishing a period of disability, receives wages or derives self-employment income to include the amount thereof in his benefit computation (with the months and quarters in the period being counted as elapsed months and quarters), if this would produce a higher benefit than if he was credited with a period of disability. He could not, however, include some periods of disability and not others. The choice is on an all or none basis.

The new section 221 sets forth the conditions under which disability determinations shall be made for individuals qualified under the provisions of this bill.

Subsection (a) provides that determinations of whether or not an individual is under a disability and of the day such disability began and determinations of the day such disability ceases shall, except as provided in subsection (g), be made by State agencies pursuant to agreements with the Secretary of Health, Education, and Welfare. These determinations would be considered as determinations of the Secretary, except as provided in subsections (c) and (d).

Subsection (b) of the new section 221 provides that the Secretary shall enter into agreements with States for the making of disability determinations by the vocational rehabilitation agencies or any other appropriate State agencies of such States. An agreement may cover all persons in the State or only certain classes of individuals in the State, as may be designated in the agreement at the State's request.

Subsection (c) gives the Secretary the authority to review, on his own motion, any determination made by a State agency that a disability exists, and authorizes the Secretary, as a result of such review, to a finding that no disability exists or that the disability began later

than determined by the State agency, or that the disability ceased earlier than determined by the State agency.

Subsection (d) of the new section 221 gives any individual, dissatisfied with a determination by a State or the Secretary, the right to a hearing by the Secretary and to judicial review of the final decision of the Secretary after such hearing, to the same extent as provided in section 205 (b) and section 205 (g) of present law.

Subsection (e) authorizes the Secretary to certify for payment from the trust fund the cost to the State of carrying out the terms of an agreement under this section. These payments may be made in advance or by way of reimbursement, and prior to audit or settlement by the General Accounting Office.

Subsection (f) requires that all money paid to a State under this section be used solely for the purposes for which it is paid and that any money not used for such purposes shall be returned for deposit in the trust fund.

Subsection (g) of the new section 221 authorizes the Secretary to make disability determinations for individuals in any State which has no agreement under subsection (b), for any classes of persons not included in an agreement with the State, and for persons outside the United States.

The new section 222 of the Social Security Act declares it to be the policy of the Congress that disabled individuals applying for determinations of disability be promptly referred to State vocational rehabilitation agencies for necessary rehabilitation services, so that the maximum number of disabled persons may be restored to productive activity.

Effective date

Section 106 (h) provides that the foregoing disability provisions will take effect with respect to monthly benefits payable for months after June 1955, and with respect to lump-sum death payments in the case of deaths after June 1955. Increases resulting from recalculation of benefits to exclude periods of disability will be excepted from the limitations placed on benefit recomputations by section 215 (f) of the law.

Deletion of Earnings During Unlawful Residence in the United States

Section 107 (a) of the bill amends section 205 of the Social Security Act to redesignate subsection (n) as subsection (m) and to add a new subsection (n) to such section 205.

Paragraph (1) of the new subsection would provide that wages and self-employment income derived by an individual during any period that he is unlawfully in the United States shall be deleted from the individual's wage record and shall not be counted for purposes of determining entitlement to or the amount of any benefits or lump-sum death payments under section 202 of the act.

Paragraph (2) of the subsection would provide that the deletion of such wages and self-employment income would be made by the Secretary only if he has been notified by the Attorney General that the individual was unlawfully in the United States during any period of time. On receipt of such notice, the Secretary would not certify

further benefits for payment or would recompute the benefit amount after deletion from his records of earnings for the periods involved. Payments certified prior to receipt of the notice would not be deemed to be erroneous by reason of the provisions of the new subsection.

Section 107 (b) of the bill provides that the amendment made by section 107 (a) would be applicable with respect to monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which the bill is enacted.

Termination of Benefits Upon Deportation

Section 108 (a) of the bill adds a new subsection (m) to section 202 of the act.

Paragraph (1) of the new subsection (m) would provide for the termination of any monthly benefits payable on the wages and self-employment income of any individual for any month after such individual has been deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) (referring to deportation because of unlawful entry, conviction of a crime, or subversive activity) of section 241 (a) of the Immigration and Nationality Act. No lump-sum death payments would be made on the basis of the wages and self-employment income of any individual who died on or after the month of his deportation.

Paragraph (2) of the new subsection provides that decisions as to payment of monthly benefits and lump-sum death payments would be made without regard to paragraph (1) unless the Secretary has been notified by the Attorney General that the individual has been or is deported under one of the specified subsections of section 241 (a) of the Immigration and Nationality Act. The Attorney General would give such notice in any case in which an individual has been or is deported, and the Secretary, on receipt of such notice, would stop the certification of any further benefits. Any benefit certified prior to the receipt of such notice from the Attorney General would not be deemed to be an erroneous payment by reason of the new subsection.

Section 108 (b) of the bill provides that the amendment made by section 108 (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month of enactment of the bill.

Insured Status

Section 109 (a) of the bill amends the definition of fully insured individual (sec. 214 (a) of the Social Security Act) by redesignating paragraph (3) as paragraph (4) and inserting a new paragraph (3) to provide an alternative basis for meeting the fully insured status test, applicable to individuals who are living on January 1, 1955. Any such individual with respect to whom all the quarters elapsing after 1954 and prior to the later of (1) July 1, 1956, or (2) the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, would be fully insured. The amendment would permit individuals newly covered on January 1, 1955, who are steadily employed and have at least six quarters of coverage after

1954 to become fully insured at death or attainment of age 65 even though they cannot meet the requirement in present law that an individual must have quarters of coverage equal to at least half the number of quarters elapsing after 1950 and prior to the quarter of death or attainment of age 65. The provision will be operative only with respect to deaths or attainment of age 65 prior to July 1, 1958, since any individual all of whose elapsed quarters after 1954 and prior to the quarter of death or attainment of age 65, if such quarter occurs after June 1954, are quarters of coverage would meet the requirements in present law.

Section 109 (b) of the bill amends section 213 (a) (2) (B) of the act to provide for crediting quarters of coverage on the basis of annual amounts of wages received for agricultural labor. If an individual receives wages of less than $300 in a year for agricultural labor (he must receive at least $200 from a single employer in order to receive credit for such wages), the last two quarters of such year which can be, but are not otherwise quarters of coverage would be quarters of coverage. If his wages were at least $300, but less than $400, the last three such quarters which can be, but are not otherwise quarters of coverage would be quarters of coverage, and if his wages were at least $400, each such quarter of such year would be a quarter of coverage. If, however, the individual has been paid wages for agricultural labor in the year in which he attained retirement age or died or in which he is under a disability and does he not meet the requirements for insured status or for entitlement to a computation or recomputation of his primary insurance amount, or the insured status requirements for a disability determination by reason of the fact that the quarters of coverage derived from such agricultural labor are assigned as provided above, but he would meet such requirements if such quarters of coverage were assigned to different quarters in such year, then such quarters shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters.

Benefits in Certain Cases of Deaths Before September 1950

Section 110 (a) of the bill provides that any individual who died prior to September 1, 1950, and was not fully insured under the provisions of the Social Security Act in effect at that time, and who had not less than 6 quarters of coverage, shall be deemed to be fully insured at the time of death (except for purposes of determining the entitlement of a former wife divorced to mother's insurance benefits).

The primary insurance amount of such an individual would be computed only through the conversion table in the bill, using the benefit formula and closing and starting dates contained in the act prior to the enactment of this bill. The requirement that proof of support by a deceased individual must be filed within 2 years of the date of his death would be waived, in cases to which the amendments made by section 110 are applicable, if such proof is filed within 2 years after the first month following the month of enactment of the bill.

Subsection (b) of section 110 of the bill provides that the provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the act for months after the first month following the month of enactment of the bill, on the basis of applications filed after the month of enactment.

Elimination of Requirement of Filing Application in Certain Cases

Section 111 of the bill amends several subsections of section 202 of the Social Security Act to eliminate the requirement of filing an application in the case of certain types of benefits in specified situations.

Subsection (a) of the section amends subsection (e) (1) (C) of section 202 of the act to provide that applications for widow's insurance benefits would not be required if the widow was entitled to a wife's insurance benefit for the month preceding the wage earners' death (this is existing law) or a mother's insurance benefit in the month prior to the month in which she attained retirement age.

Subsection (b) amends subsection (g) (1) (D) of section 202 to provide that applications for mother's insurance benefits would not be required if the widow was entitled to a wife's insurance benefit for the month preceding the month in which the insured individual died.

Subsection (c) amends subsection (i) of section 202 to provide that an application for a lump-sum death payment would not be required from an individual who was entitled to wife's or husband's insurance benefits for the month preceding the month in which the insured individual died.

Technical Amendments

Subsection (a) of section 112 of the bill amends section 204 (a) of the Social Security Act (dealing with adjustment of overpayments and underpayments) to insert the words "self-employment income" in one line of the subsection, thereby correcting an omission in the wording of the subsection.

Subsection (b) of section 112 amends section 208 of the Social Security Act to make it clear that the penalty provisions of that section extend to cases of false statements or representations as to the amount of net earnings from self-employment derived or the period during which derived.

Repeal of Requirement of Certain Deductions

Section 113 (a) of the bill repeals section 203 (i) of the act, which requires deductions from monthly benefits of the amount of a lump sum paid under section 204 of the 1935 Social Security Act; such deductions would be discontinued effective with the month following the month of enactment.

Section 113 (b) of the bill amends section 907 of the Social Security Act Amendments of 1939, effective with the month following the month of enactment, to discontinue deductions from monthly benefits for unpaid taxes on wages for services performed in 1939 after the attainment of age 65.

Proof of Support by Husband or Widower in Certain Cases

Section 114 (a) of the bill provides that, for the purpose of determining the entitlement of the husband of an insured woman to husband's insurance benefits under section 202 (c) of the Social Security Act, he shall be deemed to meet the dependency requirements of paragraph (1) (D) of the section if (1) he was receiving at least one-half of his support (as determined in accordance with regulations prescribed by

the Secretary) from his wife on the first day of the first month in which she was both entitled to old-age insurance benefits and such benefits were not subject to deductions under paragraph (1) or (2) of section 203 (b) of such act (as in effect either before or after the enactment of the bill) by reason of earnings in excess of the amount permitted by the retirement test in such section; (2) he filed proof of such support within 2 years after the first month, mentioned in item (1), above; and (3) his wife was (without the application of the retroactive provisions of section 202 (j) (1) of such act) entitled to a primary insurance benefit under such act for August 1950.

Subsection (b) of section 114 provides that, for the purpose of determining the entitlement of the widower of an insured woman to widower's insurance benefits under section 202 (f) of the Social Security Act, he shall be deemed to meet the dependency requirements of paragraph (1) (E) (ii) of such section if (1) he was receiving at least one-half of his support from his wife, and she was a currently insured individual, on the first day of the first month in which she was both entitled to old-age insurance benefits and such benefits were not subject to deductions under paragraph (1) or (2) of section 203 (b) of such act (as in effect either before or after the enactment of the bill) by reason of earnings in excess of the amount permitted by the retirement test; (2) he has filed proof of such support within 2 years after the first month mentioned in item (1), above, and (3) his wife was entitled (without the application of the retroactive provisions of section 202 (j) (1) of such act) to a primary insurance benefit for August 1950.

Subsection (c) of section 114 provides that, for purposes of determining the entitlement of a widower under subsection (b) (1) of the section, and for purposes of determining the entitlement of a husband under section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of section 114 of the bill is applicable, the wife of an individual shall be deemed to be a currently insured individual if she had not less than 6 quarters of coverage during the 13-quarter period ending with the calendar quarter in which occurs the first month in which she was both entitled to an old-age insurance benefit and such benefit was not subject to deductions under paragraph (1) or (2) of section 203 (b) of the Social Security Act because of earnings in excess of the amount permitted by the retirement test.

Subsection (d) of the section provides that the section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such Act, for months after the first month following the month of enactment of the bill, and only with respect to benefits based on applications filed after such first month.

Definition

Section 115 of the bill defines "Secretary," as used in the provisions of the Social Security Act amended by the bill, to mean the Secretary of Health, Education, and Welfare.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

AMENDMENTS TO DEFINITIONS OF SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

Section 201 (a) (2) of the bill would extend the application of the self-employment tax to self-employed farmers by eliminating paragraph (2) of section 481 (a) of the Internal Revenue Code. In addition, it would amend such section 481 (a) by establishing an optional method of reporting income for self-employed farmers. Under this amendment, a farmer who reports his income on the cash receipts and disbursements basis may deem 50 percent of his "gross income" from farming to be his net earnings from self-employment attributable to farming, provided such gross income is not more than $1,800. If the gross income from farming is more than $1,800 and the net earnings from self-employment as computed under the provisions of section 481 (a) are less than $900, such net earnings, at his option, may be deemed to be $900. For this purpose, "gross income" is the excess of gross receipts from farming over the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (6) (to the extent applicable) of section 481 (a), as amended by the bill. This definition of "gross income" is for the purpose of computing net earnings from self-employment attributable to farming and does not affect the computation of gross income of a farmer for income-tax purposes. As an illustration, a farmer on a cash basis who received $1,200 from the sale of produce raised on the farm, $200 from the sale of livestock raised on the farm and not held for breeding or dairy purposes, and $300 for the sale of a dairy cow which had an adjusted cost of $200 and had been held for 1 year, would have gross receipts of $1,700 which should be reduced by the adjusted cost of the dairy cow ($200) and which should then be adjusted by eliminating the profit on the sale of the dairy cow (which under sec. 117 (j) would be treated as a gain from the sale of a capital asset and which under sec. 481 (a) (3) (sec. 481 (a) (4) of existing law) would be excluded from the term "gross income" from farming in arriving at gross income for self-employment tax purposes). Thus, the farmer's gross income in this case would be $1,400.

Section 201 (a) also amends section 481 (a) (1) of the code to make it clear that the term "rentals" as used therein includes rentals paid in the form of crop shares.

Section 201 (b) (1) amends section 481 (b) of the code by increasing the limitation on self-employment income subject to the self-employment tax (for taxable years ending after 1954) from $3,600 to $4,200.

Section 201 (b) (2) amends section 481 (b) of the code to include as "wages", for purposes of computing "self-employment income", remuneration of United States citizens employed by a foreign subsidiary of a domestic corporation which has entered into an agreement pursuant to section 1426 (m) for the purpose of having the insurance system established by title II of the Social Security Act extended to service performed by such citizens.

Under the existing paragraphs (4) and (5) of section 481 (c) of the code, ministers of a church in the exercise of their ministry, members

of a religious order in the exercise of duties required by such order, physicians, lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, optometrists, Christian Science practitioners, architects, certified public accountants, accountants registered or licensed as accountants under State or municipal law, full-time practicing public accountants, funeral directors, and professional engineers, in the exercise of their respective professions, are not subject to the self-employment tax. Section 201 (c) of the bill would repeal these exclusions except in the case of physicians, thereby subjecting to self-employment tax the self-employment income from the practice of all of the professions now excluded.

The amendments made by section 201 will be applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

Section 202 (a) (1) of the bill amends section 1401 (d) (3) of the Internal Revenue Code, relating to special refunds of employee tax paid on aggregate wages in excess of $3,600 received by an employee from more than one employer during a calendar year, so as to conform the special refund provisions to the increase made by the bill in the limitation on wages from $3,600 to $4,200.

Section 1401 (d) (3) of the Code presently provides that no special refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which were received the wages with respect to which refund of tax is claimed, and (B) such claim is made within 2 years after the calendar year in which such wages were received. Paragraph (2) of section 202 (a) of the bill amends section 1401 (d) (3) of the code so as to provide an exception to this provision in the case of an employee of a State or any political subdivision thereof whose services are covered for purposes of title II of the Social Security Act by reason of an agreement (or modification) pursuant to section 218 of the Social Security Act which is effective as of a date more than 2 years prior to the date such agreement (or modification) was agreed to. It would allow a special refund to be made in the case of such employees, if claim for such refund is made within a period of 2 years after the end of the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare.

Paragraph (2) of section 202 (b) of the bill amends section 1401 (d) (4) (A) of the code, relating to special rules applicable to special refunds in the case of Federal employees, so as to conform the provisions thereof to the increase made by the bill in the limitation on wages from $3,600 to $4,200.

Paragraph (3) of section 202 (b) of the bill further amends such section 1401 (d) (4) of the code by adding at the end thereof a new subparagraph (C), relating to special refunds in the case of citizens of the United States performing services outside the United States for a foreign subsidiary corporation of a domestic corporation which has entered into an agreement under section 1426 (m) of the code (added by the bill) for the purpose of obtaining coverage under title II of the Social Security Act for such employees. (For a discussion of the circumstances and conditions under which a domestic corporation

may enter into such an agreement, see in this report the explanation of section 209 of the bill.) Such new subparagraph (C) would make the special refund provisions in section 1401 (d) of existing law applicable to amounts deducted in any calendar year after the calendar year 1954 from the remuneration of employees whose services are covered under title II of the Social Security Act by reason of such an agreement. For purposes of special refunds in the case of amounts paid pursuant to any such agreement the term "employer" includes a domestic corporation; the term "wages" includes remuneration for services covered by such an agreement; and the term "tax" or "tax imposed by section 1400" includes an amount equivalent to the employee tax which would be imposed if the services covered by the agreement constituted employment as defined in section 1426 of the code.

Subsection (c) of section 202 amends section 1420 (e) of the code so as to conform such section to the increase made by the bill in the limitation on wages from $3,600 to $4,200.

Subsection (d) of section 202 provides that the amendments made by subsections (a) (1), (b) (2), and (c), relating to the increase in the limitation on wages from $3,600 to $4,200, shall be applicable only with respect to remuneration paid after 1954.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

Section 203 (a) of the bill amends section 1420 (e) of the Internal Revenue Code, which relates to the employee and employer taxes imposed with respect to certain services performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States. Existing law provides, among other things, that the head of the Federal department, agency, or instrumentality having control over the services performed in its employ, or such agents as may be designated by him, shall (1) determine whether an individual has performed services which constitute employment as defined in section 1426 of the code, (2) determine the amount of remuneration which constitutes wages as defined in section 1426, and (3) make the required return and payment of the taxes imposed by sections 1400 and 1410.

A later section of the bill amends the definition of employment contained in section 1426 (b) of the code so as to remove the exclusion from employment of services performed by certain civilian employees in Coast Guard Exchanges and other Coast Guard activities. (For a further discussion of Federal services as affected by this bill, see in this report the explanation of section 205 (d) of the bill.) Section 203 (a) of the bill amends section 1420 (e) of the code so as to make the provisions of such section applicable to services performed by a civilian employee, who is not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard. Section 203 (a) further provides that the Secretary

of the Treasury is deemed to be the head of the instrumentality for which civilian employees of Coast Guard Exchanges perform services.

Subsection (b) of section 203 of the bill provides that the amendment made by such section shall become effective January 1, 1955.

AMENDMENTS TO DEFINITION OF WAGES

Section 204 (applicable only with respect to remuneration paid after 1954) amends section 1426 (a) of the Internal Revenue Code which defines the term "wages" for purposes of the Federal Insurance Contributions Act.

Subsection (a) of this section of the bill amends section 1426 (a) (1) of the code, relating to the $3,600 limitation on remuneration which constitutes wages. Subsection 1426 (a) (1) in existing law provides that the term "wages" does not include that part of the remuneration paid within any calendar year by an employer to an employee which exceeds the first $3,600 of such remuneration (exclusive of remuneration excepted from wages by the succeeding paragraphs of sec. 1426 (a)) paid within such calendar year by such employer to such employee for employment. The amendment would increase the amount of the limitation from $3,600 to $4,200 but otherwise would make no change in the provisions of section 1426 (a) (1).

Subsection (b) (1) of this section of the bill amends subparagraph (B) of section 1426 (a) (7) of the code, which relates to cash remuneration for domestic service. Section 1426 (a) (7) (B) now provides for the exclusion from wages of cash remuneration paid in a calendar quarter for domestic service in a private home of the employer unless such remuneration paid in such calendar quarter for such service is $50 or more and the employee is regularly employed by the employer in the calendar quarter in which the payment is made. The employee is "regularly employed" by an employer during a calendar quarter if he performed domestic service in a private home of the employer on at least 24 days in that calendar quarter or during the preceding calendar quarter. The amendment would eliminate the 24-day test, thus making coverage of domestic service dependent solely on receipt of $50 in cash wages in a calendar quarter by an employee from an employer for such service.

As under existing law, domestic service does not include service described in section 1426 (h) (5) of the code (service performed on a farm operated for profit).

Paragraph (2) of subsection (b) of this section amends section 1426 (a) (7) by adding a new subparagraph (C). This new subparagraph relates to cash remuneration received for service not in the course of the employer's trade or business and should be considered together with the repeal of section 1426 (b) (3) of the code, which would be accomplished by section 205 (b) of the bill. Section 1426 (b) (3) of the code now excepts from employment service not in the course of the employer's trade or business performed by an employee in a calendar quarter unless the cash remuneration paid by the employer to the employee for such service is $50 or more and the employee is regularly employed by the employer during the calendar quarter to perform such service. The effect of the new subparagraph (C) of section 1426 (a) (7), together with the repeal of paragraph (3) of sec-

tion 1426 (b), is to eliminate the 24-day test and to make coverage of service not in the course of the employer's trade or business depend solely on receipt of cash remuneration of $50 or more in the calendar quarter.

The test relating to cash remuneration of $50 or more also is changed slightly. Under existing law, the $50 must be paid for service performed in a calendar quarter during which the employee is regularly employed by the employer to perform such service, and the time of payment is unimportant. Under the new section 1426 (a) (7) (C), the test is payment of $50 in a calendar quarter for the service, and the time of performance of the service is unimportant.

The new subparagraph (C) of section 1426 (a) (7) incorporates the provision of section 1426 (b) (3) of existing law that "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in section 1426 (h) (5) (service performed on a farm operated for profit).

Paragraph (3) of subsection (b) of this section amends section 1426 (a) (8) of the Internal Revenue Code by inserting a new subparagraph (B) and by designating the existing provisions of section 1426 (a) (8) as subparagraph (A). The new subparagraph (B) would exclude from wages cash remuneration paid by an employer to an employee in any calendar year for agricultural labor unless such remuneration is $200 or more. This amendment should be considered in connection with the amendment to paragraph (1) of section 1426 (b) of the code which would be effected by section 205 (a) of the bill.

Under the existing provisions of section 1426 (b) (1) of the Internal Revenue Code the criteria which determine whether agricultural labor performed for an employer is included in coverage under the Federal Insurance Contributions Act are tied in with the calendar quarter. Agricultural labor performed by an employee for an employer in a calendar quarter is excepted from employment under existing law unless the cash remuneration paid in that quarter by the employer to the employee for such labor is $50 or more and the employee is regularly employed in that quarter by such employer to perform such agricultural labor. For purposes of section 1426 (a) (1), "an individual is deemed to be regularly employed by an employer during a calendar quarter * * * only if (i) such individual performs agricultural labor * * * for such employer on a full-time basis on 60 days * * * during the quarter, and (ii) the quarter was immediately preceded by a qualifying quarter. A qualifying quarter is defined as (I) any quarter during all of which the individual was continuously employed by the employer, or (II) any subsequent quarter meeting the test of clause (i) above if, after the last quarter during all of which the individual was continuously employed by the employer, each intervening quarter met the test of clause (i). An individual is also deemed to be regularly employed by an employer during a calendar quarter if he was regularly employed (upon application of clauses (i) and (ii)) by the employer during the preceding calendar quarter." (H. Rept. No. 2771, 81st Cong., 2d sess. (conference report on H. R. 6000), p. 95.)

The principal effects of the amendments made by paragraph (3) of section 204 (b) and by section 205 (a) of the bill are to eliminate the present "regularly employed" concept as a requirement for cover-

age of agricultural labor under the Federal Insurance Contributions Act; to place the coverage test for agricultural labor on a calendar-year basis instead of on a calendar-quarter basis as at present; and to make coverage depend solely on the payment of cash remuneration of $200 or more in a calendar year by the same employer to the employee for such labor. It is contemplated that employers of individuals performing agricultural labor who meet this test would report wages annually.

At the present time, services performed in connection with the ginning of cotton and services performed in connection with the production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum resin, if such processing is carried on by the original producer of the crude gum, are excepted from employment under the existing section 1426 (b) (1) of the code. The amendment to section 1426 (b) (1) of the code made by section 205 (a) of the bill would remove the specific exception of these services from employment and would have the effect of covering such services under the Federal Insurance Contributions Act on the same basis as other agricultural labor.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

Section 205 amends subsection (b) of section 1426 of the Internal Revenue Code, which defines "employment" for purposes of the Federal Insurance Contributions Act.

Subsection (a) of this section of the bill amends paragraph (1) of section 1426 (b) of the code by eliminating from the definition of employment the existing exception of agricultural labor, except in the case of service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended. Title V of such act now provides that no workers may be available under it for employment after December 31, 1955. The exception under section 1426 (b) (1) of the code will, of course, be inoperative when title V of the Agricultural Act ceases to be effective.

Subsection (b) of this section repeals paragraph (3) of section 1426 (b) of the code (which excepts from employment service not in the course of the employer's trade or business), and makes appropriate conforming changes in the remainder of the section.

Paragraph (5) of section 1426 (b) of the code now excepts from employment any service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States. Subsection (c) of section 205 of the bill amends section 1426 (b) (5) of the code (redesignated by the bill as section 1426 (b) (4)) so as to make the exception applicable only if the individual is not a citizen of the United States or the employer is not an American employer. Consequently, if the individual is a citizen of the United States and the employer is an American employer, the services of the individual on foreign-flag vessels or foreign-flag aircraft will not be excepted from employment whether performed here or abroad. This change would have the effect of treating services performed by these individuals the same as services performed by citizens of the United

States as employees of American employers, which now constitute employment whether performed here or abroad.

Subsection (d) (1) of this section amends the existing paragraph (7) of section 1426 (b) of the code (redesignated by the bill as paragraph (6)) to include in employment certain services performed for the Federal Government. Subparagraph (B) of section 1426 (b) (7) now excepts from employment services performed in the employ of any instrumentality of the United States if such instrumentality was exempt from the tax imposed by section 1410 on December 31, 1950, with certain designated exceptions. This subparagraph is amended by the bill to provide that service performed by an individual in the employ of any such instrumentality would be excepted from employment only if such service is covered by a retirement system established by such instrumentality. The amendment also provides that service performed in the employ of a Federal Home Loan Bank and service performed by civilians for Coast Guard Exchanges and certain other Coast Guard activities are no longer excepted from employment.

Subsection (d) (2) of this section amends subparagraph (C) of such existing paragraph (7), which now excepts from employment service performed by 13 specific categories of Federal employees. The amendment deletes the following seven categories: temporary employees in the field service of the Post Office Department who are excluded from the civil service retirement system; temporary census-taking employees of the Bureau of the Census; Federal employees who are paid on a contract or fee basis; Federal employees who receive compensation of $12 a year or less; certain consular agents; individuals employed under Federal unemployment relief programs; and members of State, county, or community committees under the Production and Marketing Administration and similar bodies, unless such bodies are composed exclusively of full-time Federal employees. The effect of these deletions is to remove the exception from employment in the case of service performed by employees in these seven categories.

Subsection (d) (2) of this section also amends two of the remaining six categories in the existing section 1426 (b) (7) (C). The present exception from employment of services performed in hospitals, homes, or other institutions of the United States by patients or inmates of those institutions is amended to except only service performed by inmates of penal institutions. The exception is no longer applicable to service performed by an employee who is a patient at a Federal hospital or home. The present exception from employment of service performed by an individual who is excluded from the civil service retirement system because he is covered by another retirement system is amended so that service performed by an individual covered under the retirement system of the Tennessee Valley Authority is no longer excepted from employment.

Subsection (e) of this section amends the present section 1426 (b) (9) of the code (redesignated as paragraph (8) by the bill) so that the employment exception will no longer be applicable to services of certain ministers and members of religious orders employed by an organization exempt from income tax under section 101 (6) of the code if the organization has filed a certificate under section 1426 (l) of the code waiving its exemption from the taxes imposed under the Federal Insurance Contributions Act.

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The present subparagraph (B) of section 1426 (b) (9) of the code excepts from employment service performed by lay employees of these organizations unless the organization files a certificate of waiver under section 1426 (l) of the code. This provision would be retained without any substantive change and would be redesignated as subparagraph (A). The present subparagraph (A) excepts from employment service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order. This would be eliminated and in its place would be substituted a new subparagraph (B) excepting such services if performed in the employ of an organization exempt from income tax under section 101 (6) of the code. The new subparagraph (B) would, however, permit the waiver, under conditions specified in section 1426 (l) (2) (as amended by the bill); of the exemption from tax with respect to services performed by ministers and members of religious orders (not including any member of a religious order who has taken a vow of poverty as a member of such order) employed by such an organization if the organization has filed with the Internal Revenue Service a certificate indicating its desire to cover its ministers and members of religious orders. The services of those clergymen who concur in the filing of the certificate, and those employed after the certificate becomes effective (or after the certificate was filed, if the certificate was made effective retroactively) would no longer be excepted from employment.

Section 1426 (b) (15) of the Internal Revenue Code now excepts from employment service performed by employees in fishing and similar activities unless performed in connection with commercial salmon or halibut fishing or on a vessel of more than 10 net tons. Subsection (f) of this section of the bill would eliminate this exception, and make appropriate conforming changes.

Subsection (g) of this section provides that the amendments made by subsections (a) and (b) (relating to agricultural labor and service not in the course of the employer's trade or business) will be applicable only with respect to services (whenever performed) for which the remuneration is paid after 1954, and that the amendments made by subsections (c), (d), (e), and (f) (relating to service on foreign-flag vessels and aircraft, Federal service, service performed by ministers, and fishing and related service) will be applicable only with respect to services performed after 1954.

AMENDMENT TO DEFINITION OF EMPLOYEE

Section 206 amends subsection (d) of section 1426 of the Internal Revenue Code, which defines the term "employee" for purposes of the Federal Insurance Contributions Act.

Section 1426 (d) (3) (C) of the code now includes as an employee any individual who performs services for remuneration for any person as a homeworker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person and required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed. Subsection (a) of section 206 of the bill amends such section 1426 (d) (3) (C) so

as to eliminate the requirement that the performance of the services be subject to State licensing requirements, effective with respect to services performed after 1954.

This amendment would not include, however, as employees, homeworkers who are not subject to supervision or control by any person with respect to their home work activities, and who buy raw material and make any article and sell such article to any person even though it is made according to specifications provided by some single purchaser.

WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

The present paragraph (9) (A) of section 1426 (b) of the Internal Revenue Code excepts from employment services performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order. As amended and redesignated as paragraph (8) (B) by section 205 (e) of the bill, such paragraph would continue to except from employment services performed in the employ of an organization exempt from income tax under section 101 (6) of the code by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order. However, such exception would have no application to services performed by any such minister or member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order), as an employee of an organization which is exempt from income tax under section 101 (6) of the code, during any period in which a certificate filed by such organization pursuant to section 1426 (l) (2) of the code applies to him. Section 207 of the bill would amend section 1426 (l) of the code to set forth the conditions and procedures applicable with respect to the filing of such certificates.

A certificate filed by an organization under such section 1426 (l) (2) would certify that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are ministers or members of a religious order. When such a certificate is filed, both the organization and the employees to which the certificate applies are, for the period during which it is in effect, subject to the taxes imposed by sections 1400 and 1410 of the code in the same manner as a private employer and his employees. The certificate filed by the organization must certify that at least two-thirds of its employees who are ministers or members of a religious order have concurred in the filing of the certificate, and the certificate must be accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number of each additional employee who concurs in the filing of the certificate. However, such a certificate may not be filed by an organization unless (A) such organization does not have any lay employees with respect to whom a certificate may be filed pursuant to paragraph (1) of section 1426 (l), or (B) such organization has filed a certificate

pursuant to such paragraph (1) with respect to its lay employees. A certificate filed pursuant to paragraph (2) of such section shall be in effect for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate: (1) The quarter in which the certificate is filed, (2) the succeeding quarter, or (3) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed. However, a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, or following the calendar quarter in which the certificate was filed, shall be in effect only with respect to those services performed by an individual whose name appears on such supplemental list which are performed by him after the calendar quarter in which such supplemental list is filed.

Section 1426 (l), as amended by the bill, would further provide that the period for which the certificate is effective may be terminated by the organization at the end of a specified calendar quarter upon giving 2 years' advance notice in writing, but only if the certificate has been in effect for a period of not less than 8 years at the time of the receipt of the notice of termination. The organization may revoke its notice of termination by giving a written notice of such revocation prior to the close of the calendar quarter specified in the notice of termination. The certificate (and any notice of termination or revocation of such notice) must be filed in such form and manner and with such official as may be prescribed by regulations.

The waiver period may in any case be terminated by the Secretary or his delegate if he finds that the organization which filed the certificate has failed to comply substantially with the provisions of the Federal Insurance Contributions Act. In such case, the organization must be given 60 days' advance notice in writing that the period covered by the certificate will terminate at the end of the calendar quarter specified in the notice. Any such notice may be revoked by giving written notice of revocation prior to the close of the calendar quarter specified in the notice of termination. A notice of termination or revocation thereof may not be given without the prior concurrence of the Secretary of Health, Education, and Welfare. If the period covered by the certificate is terminated by the organization itself, it may not thereafter file a certificate under section 1426 (l) of the code; and if a certificate filed by an organization pursuant to paragraph (1) of section 1426 (l) with respect to its lay employees is terminated, the period covered by any certificate filed by such organization pursuant to paragraph (2) of such section with respect to ministers and members of a religious order in its employ shall be terminated at the same time.

CHANGES IN TAX SCHEDULES

Section 208 (a) of the bill would amend section 480 of the Internal Revenue Code, relating to the rate of tax upon self-employment income. Under existing law the rate of tax upon self-employment income in the case of any taxable year beginning after December 31, 1969, is 4⅞ percent. Under the bill the rates of tax for taxable years beginning after December 31, 1969, are as follows:

For taxable years—	*Percent*
Beginning after Dec. 31, 1969, and before Jan. 1, 1975	5¼
Beginning after Dec. 31, 1974, and subsequent years	6

Subsections (b) and (c) of section 208 would amend sections 1400 and 1410, respectively, of the Internal Revenue Code, relating to the rates of the taxes under the Federal Insurance Contributions Act. Under existing law the rate of the employee tax and of the employer tax for the calendar year 1970 and subsequent calendar years is 3¼ percent. Under the bill the rates of each such tax for the calendar year 1970 and subsequent calendar years are as follows:

	Percent
For the calendar years 1970 to 1974, inclusive	3½
For the calendar year 1975 and subsequent calendar years	4

FOREIGN SUBSIDIARIES OF AMERICAN EMPLOYERS

Under the Internal Revenue Code the definition of the term "employment" does not include service performed outside the United States for a foreign corporation, and the bill makes no change in the definition with respect to such services.

Section 209 of the bill amends section 1426 of the code by adding at the end thereof a new subsection (m). Such subsection (m) provides that the Secretary or his delegate shall enter into an agreement, at the request of any domestic corporation, for the purpose of extending old-age and survivors insurance coverage to citizens of the United States performing service outside the United States in the employ of any one or more foreign subsidiaries of such domestic corporation. A foreign subsidiary is defined as (1) a foreign corporation more than 50 percent of the voting stock of which is owned by the domestic corporation desiring to enter into the agreement, or (2) a foreign corporation more than 50 percent of the voting stock of which is owned by a foreign corporation described in clause (1). Such an agreement shall not be applicable to any service performed by, or remuneration paid to, an employee, if such service or remuneration would be excluded from the term "employment" or the term "wages", respectively, were the service performed in the employ of the domestic corporation. Any such agreement shall be applicable in all respects in the case of any citizen of the United States who, after the agreement becomes effective, is employed by the foreign subsidiary or subsidiaries named in the agreement.

If at any time after such an agreement is entered into the domestic corporation desires to have the old-age and survivors insurance system extended to citizens of the United States performing service in the employ of one or more foreign subsidiaries other than the subsidiary or subsidiaries specified in the agreement, the agreement may be amended so as to extend such system to such citizens. Any agreement so amended shall be applicable in all respects in the case of service performed in the employ of any foreign subsidiary to which the amendment relates. Any such agreement shall require the domestic corporation to pay to the Secretary or his delegate, amounts equivalent to the sum of the employee and employer taxes which would be imposed under sections 1400 and 1410 of the code (including interest and penalties) if the services under the agreement constituted employment and the remuneration for such service constituted wages, under section 1426 of the code. It shall also require the domestic corporation to comply with regulations, relating to payments and reports,

prescribed by the Secretary to carry out the purposes of such subsection.

Paragraph (2) of such section 1426 (m) provides that an agreement shall be made effective for the period beginning either with the first day of the calendar quarter in which the agreement is entered into or the first day of the succeeding calendar quarter. However, no agreement may be made effective prior to January 1, 1955. An amendment to an agreement executed after the first month following the first calendar quarter for which the agreement is in effect shall apply, in the case of services performed for the subsidiary or subsidiaries specified in the amendment, only after the calendar quarter in which the amendment is executed.

Paragraph (3) of such section 1426 (m) provides that the domestic corporation may terminate such an agreement, with respect to any one or more of its foreign subsidiaries, effective at the end of a calendar quarter. However, the termination may be made only upon giving 2 years' advance notice in writing and only if at the time of the receipt of such notice the agreement has been in effect for a period of not less than 8 years. Any such notice of termination may be revoked by giving, prior to the close of the calendar quarter specified therein, a written notice of revocation. A notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. The period for which an agreement is effective with respect to any foreign subsidiary shall terminate automatically at the end of any calendar quarter in which at any time the domestic corporation does not own more than 50 percent of the voting stock of such subsidiary.

Paragraph (4) of such section 1426 (m) directs the Secretary, upon a finding that any domestic corporation has failed to comply substantially with the terms of its agreement under such section 1426 (m), to give such corporation not less than 60 days' advance notice in writing that the period covered by its agreement will terminate at the end of a calendar quarter specified in such notice. Any such notice of termination, however, may be revoked by the Secretary as provided in such paragraph. No such notice of termination or revocation shall be given without the prior concurrence of the Secretary of Health, Education, and Welfare.

Pursuant to paragraph (5) of such section 1426 (m), if the agreement is terminated in its entirety the domestic corporation may not again enter into an agreement with respect to service performed for any foreign subsidiary; and if the agreement is terminated with respect to any subsidiary the domestic corporation may not thereafter make such agreement applicable to that subsidiary.

Paragraph (6) of such section 1426 (m) specifies that all amounts received by the Secretary pursuant to an agreement with a domestic corporation under such section shall be regarded as taxes collected pursuant to subchapter A of chapter 9 of the code for purposes of section 201 of the Social Security Act, which relates to the amounts to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund.

Paragraph (7) of such section 1426 (m) provides that adjustments of any overpayments or underpayments of amounts due under an agreement shall be made, without interest, in accordance with regulations prescribed by the Secretary. If an overpayment cannot be

adjusted the amount thereof shall be repaid, but only if a claim therefor is filed with the Secretary within 2 years from the time such overpayment was made.

Paragraph 9 of such section 1426 (m) provides that the regulations of the Secretary under such section shall be designed to make the requirements imposed on domestic corporations with respect to service performed in the employ of foreign subsidiaries the same, insofar as practicable, as the requirements imposed on employers pursuant to subchapters (A) and (E) of chapter 9 of the code.

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

Section 210, which adds a new subsection to section 23 of the Internal Revenue Code, provides that amounts paid by a domestic corporation under the provisions of an agreement entered into as provided by section 1426 (m) may be deducted in computing net income, but only to the extent that the domestic corporation actually bore the burden of the payment. Amounts involved which were withheld from the wages of the employees of the foreign corporation or which were supplied by the foreign corporation may not give rise to a deduction for the domestic corporation which pays over such amounts to the Secretary. Any reimbursement of any amount which has been deducted by the domestic corporation under the provisions of this section must be included in the gross income of such corporation for the taxable year in which it is received.

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

The 1952 amendments to the Social Security Act included amendments increasing the proportion of public assistance expenditures made by the States to be borne from Federal funds. Such amendments were, however, made effective only for the period ending September 30, 1954. Section 301 of the bill would extend this period for an additional year to September 30, 1955.

TEMPORARY EXTENSION OF SPECIAL PROVISIONS RELATING TO STATE PLANS FOR AID TO THE BLIND

Section 344 (b) of the Social Security Act Amendments of 1950 relieved certain States from the necessity for complying with the requirements of section 1002 (a) (8) of the Social Security Act as a condition to approval of their State aid-to-the-blind plans so as to make them eligible to receive Federal contributions toward the cost of assistance expenditures under the plans. This special provision was effective, however, only for the period ending June 30, 1955. Section 302 of the bill would extend this period for an additional 2 years to June 30, 1957.

TECHNICAL AMENDMENTS

When the public assistance provisions of the Social Security Act were amended in 1946 to change the Federal share of assistance expenditures from one-half of the total expenditures to a larger percentage of average expenditures below a certain amount, conforming

changes were made in sections 3 (b), 403 (b) (1), and 1003 (b) (1) of the act. Through oversight these conforming changes were not repeated in the 1950 amendments to the Social Security Act. Section 303 of the bill would remedy this oversight.

TITLE IV—MISCELLANEOUS PROVISIONS

This title amends the Railroad Retirement Act in several respects in order to preserve the existing relationship between the railroad retirement and old-age and survivors insurance systems. It also provides for redesignating cross references in other acts to provisions of the Internal Revenue Code and the Social Security Act redesignated by the bill.

DISSENTING VIEWS ON H. R. 9366

Because of practical results and, more importantly, because of fundamental implications of H. R. 9366, which are referred to below, we must regretfully dissent from the majority report of the committee.

The committee has the grave responsibility of framing social-security legislation which will improve and maintain the system on a sound basis, compatible with its purpose and with our system of free enterprise.

Our social-security program includes both OASI and the Federal-State systems of public assistance. The administration bill, H. R. 7200, and many other proposals relating to public assistance, are pending in this committee. As was recognized when social security was enacted in 1935 and when it was revised in 1950, and as again recognized by the administration bill, H. R. 7200, OASI and public assistance are both parts of the social-security program, and both are directed to common problems of human destitution—in fact, often dealing with the same individuals. The intelligent overall solution of these problems requires hearings and study of both of these interrelated social-security systems before undertaking changes in either. However, despite the fundamental interrelationships, pressures for speedy action on OASI have resulted in the hasty adoption of the pending OASI amendments by the committee without even a hearing on the interrelated assistance system.

H. R. 9366 also contains public assistance amendments providing extension of the temporary public assistance grant formulas which were adopted without hearings by either this committee or the Senate Finance Committee in 1952 when offered as a Senate floor amendment to the OASI amendments of 1952, which were also adopted without hearings.

Some of the hastily adopted amendments contained in H. R. 9366 are highly questionable and probably would not have been adopted upon mature consideration. The most important of these, the amendments expanding the social-security tax base from $3,600 to $4,200, are fundamentally wrong and have far-reaching implications. The inflated wage base proposals were adopted with a strong dissenting vote and mark a departure from the basic purpose and justification of social security—that of affording a basic floor of protection—and would directly impair both the ability and incentives of the individual to achieve security through the normal processes of free interprise.

Private arrangements for security, in contrast with the sterile taxing and spending processes of social security, are an integral part of free enterprise and provide the funds for capital investment upon which our economic system is based. Private thrift and insurance purchases also provide a flexibility of protection adaptable to the particular needs of the particular family. This flexibility is impossible under social security. Furthermore, security privately achieved by

voluntary action, as contrasted with unnecessarily inflated compulsory social security, is compatible with our traditions and our way of life.

Thus even though social security were in fact bought and paid for by the individual and his equities, typical of free enterprise, were preserved, it would violate our basic principles to extend its taxes and benefits beyond the levels required to meet its purpose of providing a minimum floor of protection against destitution.

The bill's provisions extending the system's taxes and benefits to earnings in excess of the present $3,600-per-year limit, manifestly raise the fundamental issue of whether we shall progressively depart from the original purpose of the system. The proposal assumes that the $4,200 man requires more compulsory, publicly provided protection than does the $3,600 man. The next step, already proposed and urged, is that of providing still greater Government protection for the $6,000 man than is provided the $4,200 man. There is no stopping point when one accepts the philosophy of more and more compulsory reliance upon the state, with the corollary of less and less reliance by the individual upon his private voluntary arrangements.

A chief danger of the current situation is that to many social security seems to offer tremendous bargains in protection. Acceptance of these at other taxpayers' expense is dignified by use of the inappropriate term "insurance." We are presently paying retirement benefits having an actuarial value of $10,000 or $20,000, or more, to individuals whose taxes have aggregated only a few dollars or a few hundred dollars. As shown by table 35 in this committee's report on the social-security amendments of 1939, the maximum retirement benefits a person's taxes could have purchased on an insurance basis, with maximum tax coverage over a 20-year period, are less than $12 a month. Yet under existing law an old couple can presently receive benefits as high as $127.50 per month, with total coverage as short as 18 months.

The pending amendments, increasing the social-security wage base and amending the benefit formula, propose to pay maximum benefits of over $1,950 per year to old couples where social-security taxes are paid on $4,200 per year earnings—including persons newly covered next January and retiring 18 months thereafter.

These amendments are indefensible in our opinion. The proposed superbenefits for the high-income man are incompatible with the purpose of the system. Burdening other social-security taxpayers with their payment shocks one's sense of equity.

The powerful drive for expanding the wage base and providing higher and higher benefits, and the lack of public understanding of the consequences of this action, place the committee and the Congress in a most difficult position—particularly in an election year.

But the inescapable fact is that younger people, including those not yet of voting age, and millions yet unborn, must largely support benefits for persons who retire in the next 2 or 3 decades. This situation places a special trusteeship on this committee and on the Congress. For not only the purpose of social security, but the welfare of our young people and their children, strictly limits the social-security benefits which can be provided for the aged through taxation of the young. We must halt the constant increases in present and future benefits, and in the taxes required to support these benefits.

What has occurred by way of increasing future social-security costs by the 1950 and 1952 amendments and what is proposed by H. R.

9366 is roughly indicated by comparing the intermediate estimates in the Senate report relating to the 1950 amendments as in the version of the bill passed by the Senate, the intermediate estimates in actuarial study No. 36 of the Social Security Administration relating to the 1952 amendments, and the intermediate estimates in this report relating to H. R. 9366.

Benefit costs as a percentage of payroll

Year	Before 1950 amendments	Under 1950 amendments	Under 1952 amendments	Under H. R. 9366
	Percent	*Percent*	*Percent*	*Percent*
1960	2.1	3.4	4.1	4.3
1970	3.1	4.7	5.3	5.7
1980	4.2	6.0	6.4	7.1
1990	5.4	7.4	7.3	8.0

The above only partially indicates the increase in necessary taxes, as the first two columns were for taxes with a $3,000 wage base, the third column for the present $3,600 wage base, and the fourth column is for the proposed $4,200 wage base.

Furthermore, the above estimates are based on assumptions of high future employment. Even with this assumption, the "high cost" estimates for H. R. 9366 show a 1980 cost of 7.7 percent of payroll and a 1990 cost of 8.9 percent of payroll.

Unlike actuarial study No. 36 of the present law, the actuarial estimate of this report relating to H. R. 9366 fails to include the percentage of payroll required to support benefits if some reduction in the optimistically estimated future employment is assumed. The estimates in study No. 36 show as much as three-fourths percent of payroll in higher costs with the less optimistic employment assumption. Thus future costs of H. R. 9366 may require much higher payroll taxes than indicated above.

In absolute dollar benefit expenditures, the estimates are:

[Amounts in billions]

Year	Before 1950 amendments	Under 1950 amendments	Under 1952 amendments		Under H. R. 9366	
			Low	High	Low	High
1960	$1.8	$3.7	$5.3	$6.2	$6.7	$7.8
1970	2.9	5.7	7.7	8.9	10.2	11.9
1980	4.3	7.7	10.3	11.9	13.8	15.9
2000	6.8	10.9	13.5	16.2	17.9	21.0

The estimated social-security tax revenues for 1955 under H. R. 9366 are $6.2 billion. With the scheduled tax step-ups, the revenue is estimated at $12.5 billion in 1970 and $16 billion in 1980—thus currently keeping slightly ahead of the rapidly increasing expenditures.

The comparison of maximum annual taxes imposed on individuals under present law and under H. R. 9366 is as follows:

Maximum annual tax

Period	Employee tax		Self-employed tax	
	Present law	H. R. 9366	Present law	H. R. 9366
1955–59	$72	$84	$108.00	$126.00
1960–64	90	105	135.00	157.50
1965–69	108	126	162.00	189.00
1970–74	117	147	175.50	220.50
1975 and after	117	168	175.50	252.00

It is far from certain that the present tax schedule will support the presently scheduled benefits, and still less certain that the proposed increased taxes would support the proposed increased benefits.

It is manifest, in any event, that the proposed wage base extension would provide an unwarranted increase in benefits of persons with high earnings, who least need social-security protection. It is also manifest that the unwarranted increase in benefits—and for younger people the lifetime burden of the additional social-security taxes—would adversely affect individuals and our economy and would be contrary to the general welfare.

N. M. Mason.
James B. Utt.

FURTHER DISSENTING VIEWS OF MR. UTT

In addition to the foregoing minority report, I wish to state it is my fearful belief that the social-security tax is fast shaping up to become a secondary graduated income tax upon wages and salaries, a tax which, when its full impact is felt, will shake our social-security system to its very foundation.

JAMES B. UTT.

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Union Calendar No. 627

83D CONGRESS
2D SESSION

H. R. 9366

[Report No. 1698]

IN THE HOUSE OF REPRESENTATIVES

MAY 28, 1954

Mr. REED of New York introduced the following bill; which was referred to the Committee on Ways and Means

MAY 28, 1954

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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A BILL

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1954".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

EXTENSION OF COVERAGE

DOMESTIC SERVICE, SERVICE NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);".

(2) Section 209 (g) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer

and does not include service described in section 210 (f) (5);".

(3) Section 209 (h) of such Act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than $200;".

(4) Section 210 (a) (1) of such Act is amended to read as follows:

"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(5) Section 210 (a) of such Act is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such Act, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(6) The second sentence of section 218 (c) (5) of such Act is amended by inserting before the period at the end thereof "and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h)".

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

CERTAIN FEDERAL EMPLOYEES

(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed", and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii) ; and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee,

not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving

on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

(3) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

MINISTERS

(d) (1) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a

religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than

a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (l) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

(2) Section 211 (c) of such Act is amended by striking out paragraph (4).

(3) Nothing in subsection (a) of section 210 of the Social Security Act, as amended by this Act, or in subsections (b) and (l) of section 1426 of the Internal Revenue Code, as so amended, shall be construed to mean that any minister is an employee of an organization for any purpose other than the purposes of such sections.

FISHING AND RELATED SERVICE

(e) Section 210 (a) of the Social Security Act is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such Act, as paragraphs (14) and (15), respectively.

HOMEWORKERS

(f) Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

FARMERS AND PROFESSIONAL SELF-EMPLOYED

(g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such Act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment

from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".

(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out

"cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".

(4) Section 211 (c) of such Act is amended by striking out paragraph (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

(h) (1) Section 218 (d) of such Act is amended by striking out "Exclusion Of" in the heading, by inserting "(1)" after "(d)", and by striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of the enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph

(5) (A)). The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system".

(2) Such section 218 (d) is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph

(5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

"(C) Ninety days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him;

"(E) A majority of the eligible employees voted in such referendum; and

"(F) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.

An employee shall be deemed an 'eligible employee' for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at

the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an 'eligible employee' if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after any prior referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

"(B) all employees in positions which became covered by such system at any time after such date; and

"(C) all employees in positions which were cov-

ered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

"(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to pararaph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

"(6) If a retirement system covers positions of em-

ployees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to each political subdivision concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State."

(3) Paragraph (3) of section 218 (c) is amended to read as follows:

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following:

"(A) Any service of an emergency nature;

"(B) All services in any class or classes of (i) elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis;

"(C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services

in such positions have not already been included under such agreement pursuant to subsection (d) (3)."

(4) Paragraph (4) of such section 218 (c) is amended by adding at the end thereof the following new sentence: "A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3)."

(5) Such section 218 (c) is further amended by adding at the end thereof the following new paragraph:

"(7) No agreement may be made applicable (either in the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such

service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State."

(6) Section 218 (f) of such Act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

(7) Section 218 (m) (1) of such Act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)".

(8) Section 218 of such Act is further amended by adding at the end thereof the following new subsection:

"Certain Positions No Longer Covered By Retirement Systems

"(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of this subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services."

(9) The amendments made by this subsection shall take effect January 1, 1955.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS

(i) (1) Effective as of January 1, 1951, paragraph (5) of section 218 (b) of the Social Security Act is

amended by adding at the end thereof the following new sentence: "Civilian employees of National Guard units of a State who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(2) In the case of any coverage group to which the amendment made by paragraph (1) is applicable, any agreement or modification of an agreement agreed to prior to January 1, 1956, may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to services performed by employees as members of such coverage group after any effective date specified therein, but in no case may such effective date be earlier than December 31, 1950.

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

(j) (1) In the case of any services performed prior to 1955 to which an agreement under section 218 of the Social Security Act was made applicable, deductions which—

(A) were not imposed under section 203 of such

Act with respect to such services performed prior to the date the agreement was agreed to or, if the original agreement was not applicable to such services, performed prior to the date the modification making such agreement applicable to such services was agreed to, and

(B) would have been imposed under such section 203 had such agreement, or modification, as the case may be, been agreed to on the date it became effective, shall be deemed to have been imposed, but only for purposes of determining whether, on the basis of an application filed after the month in which this Act is enacted and prior to January 1, 1956, any person is entitled to a recomputation, under section 215 (f) of the Social Security Act, of the primary insurance amount of the individual who performed such services. For purposes of any such recomputation the individual who performed such services shall be deemed to have filed an application for recomputation in the month for which the last of the deductions is deemed to have been made under this paragraph, or in the first month thereafter (and prior to the month in which this Act is enacted) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under paragraph (1) or (2) of section 203 (b) of such Act, whichever results in a higher primary insurance amount for such individual. Any such recomputation shall be made as pro-

vided in the Social Security Act prior to the enactment of this Act, and shall be effective for and after the month in which the application referred to in the first sentence of this paragraph is filed. This paragraph shall not be applicable in the case of any such individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act prior to the month in which this Act is enacted.

(2) If any recomputation under section 215 (f) of the Social Security Act is made by reason of deductions deemed pursuant to paragraph (1) of this subsection to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of the benefits based on such wages and self-employment income for months for which such deductions are so deemed to have been imposed shall be recovered by making, in addition to any other deductions under section 203 of such Act, deductions from any increase in benefits, based on such wages and self-employment income, resulting from such recomputation.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

(k) Clause (B) of so much of section 210 (a) of the Social Security Act as precedes paragraph (1) thereof is amended to read as follows: "(B) outside the United

States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 1426 (m) of the Internal Revenue Code) of a domestic corporation (as determined in accordance with section 3797 (a) of the Internal Revenue Code) during any period for which there is in effect an agreement, entered into pursuant to section 1426 (m) of the Internal Revenue Code, with respect to such subsidiary;".

EFFECTIVE DATES

(l) The amendment made by paragraph (3) of subsection (g) shall be applicable only with respect to taxable years beginning after 1950. The amendments made by paragraphs (1), (2), and (4) of such subsection and by paragraph (2) of subsection (d) shall, except for purposes of section 203 of the Social Security Act, be applicable only with respect to taxable years ending after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4), (5), and (6) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. The amendment made by paragraph (3) of subsection (c) shall become effective January 1, 1955. The

other amendments made by this section (other than the amendments made by subsections (h), (i), and (k)) shall be applicable only with respect to services performed after 1954. For purposes of section 203 of the Social Security Act, the amendments made by paragraphs (1), (2), and (4) of subsection (g) and by paragraph (2) of subsection (d) shall be effective with respect to self-employment income derived after 1954. The amount of self-employment income derived during any taxable year ending in, and not with the close of, 1955 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, self-employment income so credited to calendar quarters in 1955 shall be deemed to have been derived after 1954.

INCREASE IN BENEFIT AMOUNTS

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"Primary Insurance Amount

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after the last day of the month

following the month in which the Social Security Amendments of 1954 are enacted, or who dies after such day and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraphs (1), (2), and (3) of subsection (b) of such section are amended to read as follows:

"(1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, except that when the number of such elapsed months thus computed is less than eighteen, it shall be increased to eighteen.

"(2) An individual's 'starting date' shall be—

"(A) December 31, 1950, or

"(B) if later, the last day of the year in which he attains the age of twenty-one,

whichever results in the higher average monthly wage.

"(3) An individual's 'closing date' shall be whichever of the following results in the higher average monthly wage:

"(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

"(B) the first day of the first year in which he both was fully insured and had attained retirement age;

except that if the Secretary determines, on the basis of the evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher average monthly wage for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A)."

(2) Subsection (b) of such section is further amended by striking out paragraph (4) and inserting in lieu thereof the following new paragraph:

"(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after the year in which occurs his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average monthly wage. The maximum number of calendar years

determined under the first sentence of this paragraph shall be five instead of four in the case of any individual who had not less than twenty quarters of coverage in the period ending with the calendar quarter preceding his closing date."

(c) Subsection (c) of such section is amended to read as follows:

"Determinations Made by Use of the Conversion Table

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I "If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d)) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (ii) by further increasing such amount to the extent, if any, it is less than $5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954.

"(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this para-

graph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than $77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $5 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that

the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount For Purposes of Conversion Table".

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits".

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the

quarters elapsing after 1950 are quarters of coverage)" after "individual".

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this Act, the following new paragraph:

"(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and 106 of the Social Security Amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability) shall, to the extent provided by such sections, be applicable to such computation."

(e) (1) Section 215 (e) of such Act is amended by striking out "and" at the end of paragraph (1), by changing the period at the end of paragraph (2) to a semicolon, and by adding after such paragraph (2) the following new paragraph:

"(3) if an individual's closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of

the month preceding the month in which he becomes entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) (C)."

(2) (A) Section 215 (f) (2) of such Act is amended to read as follows:

"(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—

"(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,

"(ii) he has wages and self-employment income of not less than $1,000 in a calendar year which occurs after 1953 and after the year in which he became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, whichever of such events is the latest, and

"(iii) he filed such application no earlier than six months after such calendar year referred to in clause (ii)

in which he had such wages and self-employment income.

Such recomputation shall be effective for and after the twelfth month before the month in which he filed such application for recomputation but in no event earlier than the month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual's self-employment income shall be allocated to calendar quarters in accordance with section 212.

"(B) Except as provided in subparagraph (C) a recomputation pursuant to subparagraph (A) shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) of this section, taking into account only such wages and self-employment income which would be taken into account under subsection (b) if the month in which he filed the application under subparagraph (A) were deemed to be the month in which he became entitled to old-age insurance benefits, except that, of the provisions of paragraph (3) of such subsection, only the provisions of subparagraph (A) shall be applicable.

"(C) If such recomputation is the first recomputation under subparagraph (A), such recomputation shall be made as though the individual first became entitled to old-age insurance benefits on the day he filed application for such recomputation. For purposes of this subparagraph a recom-

putation under section 102 (e) (5) (B) or 102 (f) (2) (B) of the Social Security Amendments of 1954 shall be deemed to be a recomputation under subparagraph (A) of this paragraph."

(3) (A) Section 215 (f) (3) of such Act is amended to read as follows:

"(A) Upon application by an individual—

"(i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after the effective date, or

"(ii) whose primary insurance amount was recomputed under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, or

"(iii) whose primary insurance amount was recomputed for the first time under paragraph (2) of this subsection on the basis of an application filed after the effective date,

the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made in the manner provided

in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed. As used in this subparagraph and subparagraph (B), the term 'effective date' means the last day of the month following the month in which the Social Security Amendments of 1954 are enacted.

"(B) Upon application by a person entitled to monthly benefits or a lump-sum death payment on the basis of the wages and self-employment income of an individual who died after the effective date and who, if he was entitled to an old-age insurance benefit before he died, would, upon the filing of an application in the month of his death, have been entitled to a recomputation of his pri-

mary insurance amount under subparagraph (A) of this paragraph, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he died or in which he filed his application for the last previous computation of his primary insurance amount under any provision of law referred to in clause (i), (ii), or (iii) of the first sentence of subparagraph (A), whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed."

(B) Such section 215 (f) (3) is further amended by adding after subparagraph (B) (added by subparagraph (A) of this paragraph) the following new subparagraph:

"(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became en-

titled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount after the close of such taxable year, taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits."

(4) Section 215 (f) (4) of such Act is amended to read as follows:

"(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if—

"(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or

"(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had

filed application for a recomputation under paragraph (2) (A) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made."

(5) (A) In the case of any individual who, upon filing application therefor on or before the effective date, would (but for the provisions of section 215 (f) (6) of the Social Security Act) have been entitled to a recomputation under subparagraph (A) or (B) of section 215 (f) (2) of such Act as in effect prior to the enactment of this Act, the Secretary shall recompute such individual's primary insurance amount, but only if he files an application therefor or, in case he died before filing such application, an application for monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income is filed. Such

recomputation shall be made only as provided in subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act, through the use of a primary insurance amount determined under subsection (d) (6) of such section in the same manner as for an individual to whom subsection (a) (1) of such section, as in effect prior to the enactment of this Act, is applicable; and such recomputation shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) of the Social Security Act if the month in which the application for recomputation is filed were deemed to be the month in which the individual became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the month in which such application for recomputation is filed.

(B) In the case of—

(i) any individual who is entitled to a recomputation under subparagraph (A) of section 215 (f) (2) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after the effective date and with respect to whom either less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or the twelfth month referred to in such subparagraph (A) occurred after the effective date, and

(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act on the basis of an application filed after the effective date, and with respect to whom less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or who did not attain the age of seventy-five prior to the day following the effective date,

the recomputation of his primary insurance amount shall be made in the manner provided in section 215 of the Social Security Act, as amended by this Act, for computation of such amount, except that his closing date, for purposes of subsection (b) of such section 215, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation. Such recomputation shall be effective for and after the month in which such application for recomputation is filed. As used in this subparagraph and the succeeding subsections of this section, the "effective date" is the last day of the month following the month in which this Act is enacted.

(C) No individual shall be entitled to a recomputation under section 215 (f) (2) of the Social Security Act as in effect prior to the date of the enactment of this Act unless (i) he had not less than six quarters of coverage in the period after 1950 and prior to January 1, 1955, and (ii) either the

twelfth month referred to in subparagraph (A) of such section 215 (f) (2) occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (iii) he meets the other conditions of entitlement to such a recomputation. No individual shall be entitled to a recomputation under subparagraph (A) or (B) of this paragraph if his primary insurance amount has previously been recomputed under either of such subparagraphs.

(6) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1956 and with respect to whom not less than six of the quarters elapsing after 1954 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his closing date shall be July 1, 1956, instead of the day specified in section 215 (b) (3) of such Act, but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such Act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1956, as the closing date, but only if it would result in a higher primary

insurance amount. In any such computation on the basis of a July 1, 1956 closing date, the total of his wages and self-employment income after December 31, 1955, shall, if it is in excess of $2,100, be reduced to such amount.

(7) Section 203 (a) of such Act is amended to read as follows:

"(a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the

preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(8) In the case of an individual who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or died prior to the day following the effective date, the provisions of section 215 (f) (3) as in effect prior to the enactment of this Act shall be applicable as though this Act had not been enacted.

(f) (1) The amendments made by the preceding subsections, other than subsection (b) and paragraphs (1), (2), (3), and (4) of subsection (e), shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after, the effective date.

(2) (A) The amendment made by subsection (b) (2) shall be applicable only in the case of monthly benefits and the lump-sum death payment based on the wages and self-employment income of an individual (i) who does not be-

come eligible for benefits under section 202 (a) of the Social Security Act until after the effective date, or (ii) who dies after such effective date and without becoming eligible for benefits under such section 202 (a), or (iii) who is or has been entitled to have his primary insurance amount recomputed under section 215 (f) (2) of the Social Security Act, as amended by subsection (e) (2) of this section, or under subsection (e) (5) (B) of this section, or (iv) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such Act), or (v) who files, after the effective date, an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act, or (vi) who dies after the effective date and whose survivors are (or would, but for the provisions of section 215 (f) (7) of such Act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such Act, as amended by this Act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was, or would upon filing application therefor in such month have been, entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Secu-

rity Act who was or, upon filing application therefor, would have been entitled to such benefits for the month in which the effective date occurs, to whom subparagraph (A) is inapplicable, and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application, after the effective date, by him or, if he dies without filing such an application, by any person entitled to monthly survivors benefits under section 202 of such Act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act for computation of such individual's primary insurance amount, except that the provisions of subsection (f) of such section (other than paragraph (3) (C) thereof) shall not be applicable for purposes of such computation, and except that his closing date, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective for and

after the month in which the application therefor was filed by such individual or if such application was filed by a person entitled to monthly survivors benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivors benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(3) The amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits under section 202 (a) of the Social Security Act until after the effective date, or who dies after the effective date without becoming entitled to such benefits, or who files an application after the effective date and is entitled to a recomputation under paragraph (2) or (4) of section 215 (f) of the Social Security Act, as amended by this Act, or who is entitled to a recomputation under paragraph (2) (B) of this subsection, or who is entitled to a recomputation under paragraph (5) of subsection (e).

(4) The amendments made by subsection (e) (2) shall be applicable only in the case of applications for recomputation filed after 1954. The amendment made by subsection (e) (4) shall be applicable only in the case of deaths after 1954.

(5) The amendments made by subparagraph (A) of subsection (e) (3) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after the effective date.

(6) No increase in any benefit by reason of the amendments made by this section (other than subsection (i)) or by reason of subparagraph (B) of paragraph (2) shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(g) Effective with the beginning of the second month following the month in which this Act is enacted, section 2 (c) (2) (B) of the Social Security Act Amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after the month following the month in which the Social Security Amendments of 1954 are enacted."

(h) (1) Where—

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such Act for the month in which the effective date occurs;

(B) one or more other persons were entitled (without the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this Act,

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this Act; or

(E) the amount determined pursuant to such sec-

tion, as in effect prior to the enactment of this Act, for the month in which the effective date occurs plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act Amendments of 1952 for the month in which the effective date occurs plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month.

(2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such Act for the month in which the effective date occurs on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such

persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of the first sentence of section 203 (a) of the Social Security Act, as amended by this Act,

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall, for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such Act, as amended by this Act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this Act, plus $7.

(i) (1) Section 202 of such Act is amended by inserting after subsection (l) the following new subsection:

"Minimum Survivor's or Dependent's Benefit

"(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k) (3), less than $30 and no other individual is (without the application of section 202 (j) (1)) entitled to a benefit under this

section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to $30."

(2) The first sentence of subsection (i) of such section 202 is amended by inserting ", or an amount equal to $255, whichever is the smaller" after "primary insurance amount".

AMENDMENTS RELATING TO DEDUCTIONS FROM BENEFITS

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of seventy-five and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of seventy-five and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or".

(b) (1) Section 203 (c) of such Act is amended by

striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-five and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of seventy-five and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such Act is amended to read as follows: "The charging of earnings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such Act is amended to read "Months to Which Earnings Are Charged".

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year

of twelve months are not more than $1,000, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than the product of one-twelfth of $1,000 times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of twelve months are in excess of $1,000, the amount of his earnings in excess of $1,000 shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of one-twelfth of $1,000 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to

each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b), or in subsection (m), occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsec-

tion) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211, other than paragraphs (1) and (4) of subsection (c), shall be applicable; and any

excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for

purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year."

(e) Section 203 (f) of such Act is amended to read as follows:

"Penalty for Failure To Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (b), (c), or (m) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b), (c), or (m), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month."

(f) (1) The heading of section 203 (g) of such Act is amended to read "Report of Earnings to Secretary".

(2) The first sentence of paragraph (1) of section 203 (g) of such Act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under

section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of one-twelfth of $1,000 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

(3) Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or a subsequent one

for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

(4) Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)"; by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for

such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

(g) Section 203 of such Act is amended by adding at the end thereof the following new subsection:

"Noncovered Remunerative Activity Outside the United States

"(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the

United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term 'trade or business' shall have the same meaning as when used in section 23 of the Internal Revenue Code."

(h) Section 203 of such Act is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

"Good Cause for Failure To Make Reports Required

"(l) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(i) (1) Section 203 of such Act is further amended by adding after subsection (l) (added by subsection (h) of this section) the following new subsection:

"Deductions From Benefits of Dependents' and Survivors' Residing Abroad

"(m) (1) Deductions shall be made from any benefits to which a dependent or survivor is entitled under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the wages and self-employment income of an insured individual until the total of such deductions equals such dependent's or survivor's benefit or benefits under such subsection for any month during no part of which he is a resident of the United States unless—

"(A) such dependent or survivor resided in the United States for three years during the five years immediately preceding the first month for which he was eligible for such benefits or any other monthly benefits under such section 202 based on the wages and self-employment income of such insured individual; or

"(B) such insured individual would be a currently insured individual at the time he became eligible for or entitled to old-age insurance benefits or primary insurance benefits or, if he died without becoming so eligible or entitled, at the time of his death, even if no wages were counted for such purpose except his wages (if any) for service referred to in clause (B) of so much of section 210 (a) as precedes paragraph (1) and his wages (if any) deemed paid pursuant to subsection (a) or (e) of section 217; or

"(C) in the case of a child entitled to child's insurance benefits, such child first became eligible for such benefits (on the basis of the wages and self-employment income of such insured individual) prior to the month in which he attained the age of three and such child was born in the United States.

"(2) For purposes of paragraph (1)—

"(A) an individual shall be deemed eligible for benefits under any subsection of section 202 for any month if he was, or would have been upon filing application therefor in such month, entitled to such benefits for such month;

"(B) a dependent is a wife, husband, or child of an individual entitled to old-age insurance benefits; and

"(C) a survivor is a widow, widower, child, former wife divorced, or parent (of a deceased individual) entitled to monthly benefits under subsection (d), (e), (f), (g), or (h) of section 202."

(2) The first sentence of section 203 (d) of such Act is amended by striking out "(b) and (c)" and inserting in lieu thereof "(b), (c), and (m)".

(3) Section 214 (b) of such Act is amended by striking out "or" before clause (3) and by inserting immediately before the period at the end thereof: ", or (4) for pur-

poses of section 203 (m) only, the first quarter in which he was, or would have been upon filing application therefor in such quarter, entitled to old-age insurance benefits or primary insurance benefits".

(4) Subsections (a) (1) and (e) (1) of section 217 of such Act are each amended by adding at the end thereof the following new sentence: "The provisions of clause (B) shall also not apply for purposes of section 203 (m) (1) (B)."

(5) The amendments made by this subsection shall be applicable in the case of any individual who (A) is entitled to benefits under any subsection of section 202 of the Social Security Act (other than subsection (a) thereof), on the basis of the wages and self-employment income of an insured individual, after the month in which this Act is enacted, and (B) was not, and would not have been upon filing application therefor in such month, entitled (without the application of subsection (j) (1) of such section 202) to benefits under the same or any other subsection of such section 202 on the basis of such insured individual's wages and self-employment income for the month in which this Act is enacted or any prior month.

(j) (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of

the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsections (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h) and (i)) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

(2) No deduction shall be imposed on or after the date of the enactment of this Act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such date); and no such deduction imposed prior to such date shall be collected after such date. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this Act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $4,200 with respect to employment has been paid to an individual during any cal-

endar year after 1954, is paid to such individual during such calendar year;".

(b) Paragraph (1) of subsection (b) of section 211 of such Act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such Act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during

such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;".

(d) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, and the excess over $4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and".

RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth".

(b) The amendment made by subsection (a) shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after the month following the month in which this Act is enacted; except that no individual shall, by reason of such amendment,

be entitled to any benefit for any month prior to the fifth month before the month in which this Act is enacted.

PRESERVATION OF INSURANCE RIGHTS OF INDIVIDUALS WITH EXTENDED TOTAL DISABILITY

SEC. 106. (a) (1) Section 213 (a) (2) (A) of the Social Security Act is amended to read as follows:

"(A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages, except that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a period of disability, other than the initial quarter of such period."

(2) Section 213 (a) (2) (B) (i) of such Act is amended to read as follows:

"(i) no quarter after the quarter in which such

individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;".

(b) (1) Section 214 (a) (2) of the Social Security Act is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) forty quarters of coverage,

not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage."

(2) Section 214 (b) of such Act is amended by striking out the period and inserting in lieu thereof: ", not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage."

(c) (1) Section 215 (b) (1) of the Social Security Act (as amended by section 102 (b) (1) of this Act) is amended by inserting after "quarter of coverage" the following: "and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage".

(2) Section 215 (d) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted."

(3) Section 215 (e) of such Act (as amended by section 102 (e) (1) of this Act) is amended by adding after paragraph (3) the following new paragraph:

"(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability."

(d) Section 216 of the Social Security Act is amended by adding after subsection (h) the following new subsection:

"Disability; Period of Disability

"(i) (1) The term 'disability' means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment

which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term 'blindness' means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

"(2) The term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with re-

spect to such period; and no such period shall begin as to any individual after such individual attains retirement age. Except as provided in paragraph (4), a period of disability shall begin—

"(A) if the individual satisfies the requirements of paragraph (3) on such day,

"(i) on the day the disability began, or

"(ii) on the first day of the one-year period which ends with the day before the day on which the individual files such application,

whichever occurs later;

"(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the first month in which either the disability ceases or the individual attains retirement age. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted.

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

"(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

"(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"(4) If an individual files an application for a disability determination after December 1954, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability, if such individual does not die prior to July 1, 1955, shall be—

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

"(B) if he does not satisfy such requirements on

such day, the first day of the first quarter thereafter in which he satisfies such requirements."

(e) (1) The first sentence of section 217 (a) (1) of the Social Security Act is amended by inserting "and for purposes of section 216 (i) (3)," after "World War II veteran,".

(2) The first sentence of section 217 (e) (1) of such Act is amended by inserting "and for purposes of section 216 (i) (3)," after "veteran (as defined in paragraph (4)),".

(3) Such section 217 (a) (1) and such section 217 (e) (1) of such Act are each amended by inserting ", or for purposes of section 216 (i) (3)" immediately before the period at the end of the last sentence thereof (added by section 103 (i) (4) of this Act).

(f) Section 5 (k) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "and for the purposes of section 203 of that Act" and inserting in lieu thereof "and for the purposes of sections 203 and 216 (i) (3) of that Act".

(g) Title II of the Social Security Act is amended by adding after section 219 the following new sections:

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their

application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

"DISABILITY DETERMINATIONS

"SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

"(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in

the State as may be designated in the agreement at the State's request.

"(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, may determine that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

"(d) Any individual dissatisfied with any determination under subsection (a), (c), or (g) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205 (g).

"(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or

increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Fund at the time or times fixed by the Secretary, in accordance with such certification.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Fund.

"(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

"REFERRAL FOR REHABILITATION SERVICES

"SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled indi-

viduals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity."

(h) Notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, the amendments made by subsections (a), (b), (c), (d), (e), and (f) of this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after June 1955, and with respect to lump-sum death payments under such title in the case of deaths occurring after June 1955; but no recomputation of benefits by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

DELETION OF EARNINGS DURING UNLAWFUL RESIDENCE IN THE UNITED STATES

SEC. 107. (a) Section 205 of the Social Security Act is amended by redesignating subsection (n) as subsection (m) and inserting after such subsection the following new subsection:

"Earnings During Unlawful Residence Deleted From Record

"(n) (1) Notwithstanding the provisions of subsection (c), wages for service performed by an individual during any period that he is unlawfully in the United States, and self-employment income derived by him during such period, shall be deleted from the Secretary's records for such individual and shall not be counted for purposes of determining entitlement to or the amount of any benefits or lump-sum death payments under section 202.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual was unlawfully in the United States during any period of time. If the Attorney General has made or makes a determination that there was such a period, he shall notify the Secretary thereof, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable on the basis of such individual's wages and self-employment income, as may be required by paragraph (1). Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual prior

to receipt of such notice shall not be deemed by reason of this subsection to be an erroneous payment."

(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.

TERMINATION OF BENEFITS UPON DEPORTATION

SEC. 108. (a) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Termination of Benefits Upon Deportation of Primary Beneficiary

"(m) (1) Notwithstanding any other provision of this title, no monthly benefits under this section shall be paid on the basis of the wages and self-employment income of any individual for any month after such individual has been deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, and no lump-sum death payment shall be made on the basis of such wages and self-employment income in case of death in or after such month.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual, the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual has been deported under one of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) of this subsection. If such individual has been or is deported under any such paragraph, the Attorney General shall so notify the Secretary, and the Secretary shall certify no further benefits for payment on the basis of such individual's wages and self-employment income. Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual, prior to receipt of such notice, shall not be deemed by reason of this subsection to be an erroneous payment."

(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.

INSURED STATUS

SEC. 109. (a) Section 214 (a) of the Social Security Act is amended by redesignating paragraph (3) as para-

graph (4) and inserting after paragraph (2) the following new paragraph:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage."

(b) Subparagraph (B) of section 213 (a) (2) of such Act is amended by inserting "(except wages for agricultural labor)" after "$50 or more in wages" in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following:

"(iv) if an individual is paid wages for agricultural labor in a calendar year, then, subject to clause (i), (a) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages are less than $300; (b) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than

$400; and (c) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

"(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained retirement age or died and who has been paid wages for agricultural labor in a calendar year, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters."

BENEFITS IN CERTAIN CASES OF DEATHS BEFORE SEPTEMBER 1950

SEC. 110. (a) In the case of any individual—

(1) who died prior to September 1, 1950, and was not a fully insured individual (under title II of the Social Security Act), when he died, and

(2) who had not less than six quarters of coverage (as defined in such title),

such individual shall, except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of the Social Security Act, be deemed to have died a fully insured individual. Such individual's primary insurance amount shall be computed under subsection (a) (2) of section 215 of such Act, except that, for the purpose of such computation, the provisions of paragraph (4) of subsection (d) of such section (in lieu of the provisions of paragraph (3) of such subsection) shall be applicable, and except that his closing date shall be the first day of the quarter in which he died. In the case of any such individual, the requirement in subsection (h) of section 202 of such Act that proof of support be filed within two years of the date of his death shall not apply if such proof is filed within two years after the first month following the month in which this Act is enacted.

(b) The provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the Social Security Act for months after the first month following the month in which this Act is enacted, on the basis of applications filed after such month in which this Act is enacted.

ELIMINATION OF REQUIREMENT OF FILING APPLICATION IN CERTAIN CASES

SEC. 111. (a) Section 202 (e) (1) (C) of the Social Security Act is amended to read as follows:

"(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

"(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age,".

(b) Section 202 (g) (1) (D) of such Act is amended to read as follows:

"(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,".

(c) The third sentence of section 202 (i) of such Act is amended by inserting immediately before the period at the end thereof the following: ", or unless such person was entitled to wife's or husband's insurance benefits, on the

basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died".

TECHNICAL AMENDMENTS

SEC. 112. (a) The second sentence of section 204 (a) of the Social Security Act is amended by inserting "and self-employment income" after "wages".

(b) Section 208 of the Social Security Act is amended by inserting ", or as to the amount of net earnings from self-employment derived or the period during which derived," after "as to the amount of any wages paid or received or the period during which earned or paid".

REPEAL OF REQUIREMENT OF CERTAIN DEDUCTIONS

SEC. 113. (a) No deductions shall be made pursuant to subsection (i) of section 203 of the Social Security Act from any benefits for any month after the month in which this Act is enacted; and, effective with the beginning of the month following the month in which this Act is enacted, such subsection is repealed.

(b) No deductions shall be made pursuant to section 907 of the Social Security Act Amendments of 1939 (53 Stat. 1360, 1402), with respect to wages for services performed in 1939, from any benefits for any month after the month in which this Act is enacted; and, effective with the beginning of the month following the month in which this

Act is enacted, such section is amended by striking out "1 per centum of any wages paid him for services performed in 1939, and subsequent to his attaining age sixty-five, and".

PROOF OF SUPPORT BY HUSBAND OR WIDOWER IN CERTAIN CASES

SEC. 114. (a) For the purpose of determining the entitlement of any individual to husband's insurance benefits under subsection (c) of section 202 of the Social Security Act on the basis of his wife's wages and self-employment income, the requirements of paragraph (1) (D) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a pri-

mary insurance benefit under such Act for August 1950.

(b) For the purpose of determining the entitlement of any individual to widower's insurance benefits under subsection (f) of section 202 of the Social Security Act on the basis of his deceased wife's wages and self-employment income, the requirements of paragraph (1) (E) (ii) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife, and she was a currently insured individual, on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950.

(c) For purposes of subsection (b) (1) of this Act,

and for purposes of section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of this section is applicable, the wife of an individual shall be deemed a currently insured individual if she had not less than six quarters of coverage (as determined under section 213 of the Social Security Act) during the thirteen-quarter period ending with the calendar quarter in which occurs the first month (1) for which such wife was entitled to a monthly benefit under section 202 (a) of such Act, and (2) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act did not occur.

(d) This section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such Act, for months after the first month following the month in which this Act is enacted, and only with respect to benefits based on applications filed after such first month.

DEFINITION

SEC. 115. As used in the provisions of the Social Security Act amended by this title, the term "Secretary" means the Secretary of Health, Education, and Welfare.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

AMENDMENTS TO DEFINITIONS OF SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

SEC. 201. (a) (1) Paragraph (1) of section 481 (a) of the Internal Revenue Code is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".

(2) Subsection (a) of section 481 of the Internal Revenue Code is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such code, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the

major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(b) (1) Paragraph (1) of section 481 (b) of the Internal Revenue Code is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(2) Section 481 (b) of the Internal Revenue Code is amended by inserting after "employees)" the following: ", or under an agreement entered into pursuant to the provisions of section 1426 (m) (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations),".

(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraphs (4) and (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

(d) The amendments made by subsections (a), (b), and (c) of this section shall be applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) (1) The first sentence of section 1401 (d) (3) of the Internal Revenue Code is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $4,200, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received."

(2) Section 1401 (d) (3) of the Internal Revenue Code is amended by striking out the period at the end of the second sentence and inserting in lieu thereof "or, in the case of any agreement (or modification) pursuant to section

218 of the Social Security Act which is effective as of a date more than two years prior to the date such agreement (or modification) was agreed to, within a period of two years after the end of the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare."

(b) (1) The heading of section 1401 (d) (4) of the Internal Revenue Code is amended to read as follows: "SPECIAL RULES IN THE CASE OF FEDERAL AND STATE EMPLOYEES AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.—"

(2) Section 1401 (d) (4) (A) of the Internal Revenue Code is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $4,200 for any calendar year after 1954,".

(3) Section 1401 (d) (4) of the Internal Revenue Code is amended by adding at the end thereof the following new subparagraph:

"(C) Employees Of Certain Foreign Corporations.—For the purposes of paragraph (3) of this subsection, in the case of remuneration received during any calendar year after the calendar year 1954, the term 'wages' includes such remuneration for services covered by an agreement made pur-

suant to section 1426 (m) of this subchapter as would be wages if such services constituted employment; the term 'employer' includes any domestic corporation which has entered into an agreement pursuant to section 1426 (m); the term 'tax' or 'tax imposed by section 1400' includes, in the case of services covered by an agreement entered into pursuant to section 1426 (m), an amount equivalent to the tax which would be imposed by section 1400, if such services constituted employment as defined in section 1426; and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section 1426 (m) has been paid to the Secretary or his delegate."

(c) The second sentence of section 1420 (e) of the Internal Revenue Code is amended by inserting "in the case of the calendar year 1951, 1952, 1953, or 1954, or the $4,200 limitation in such section in the case of any calendar year after 1954" after "the $3,600 limitation in section 1426 (a) (1)".

(d) The amendments made by subsections (a) (1), (b) (2), and (c) shall be applicable only with respect to remuneration paid after 1954.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

SEC. 203. (a) Section 1420 (e) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality."

(b) The amendment made by subsection (a) shall become effective January 1, 1955.

AMENDMENTS TO DEFINITION OF WAGES

SEC. 204. (a) Paragraph (1) of section 1426 (a) of the Internal Revenue Code is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$4,200".

(b) (1) Subparagraph (B) of section 1426 (a) (7) of the Internal Revenue Code is amended to read as follows:

"(B) Cash remuneration paid by an employer in

any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (h) (5);".

(2) Section 1426 (a) (7) of the Internal Revenue Code is amended by adding at the end thereof the following new subparagraph:

"(C) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (h) (5);".

(3) Section 1426 (a) (8) of the Internal Revenue Code is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

"(B) Cash remuneration paid by an employer in any calendar year to an employee for agricultural

labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than $200;".

(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. 205. (a) Section 1426 (b) (1) of the Internal Revenue Code is amended to read as follows:

"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(b) Section 1426 (b) of the Internal Revenue Code is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such code, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B)

(i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

(d) (1) Subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed," and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii) ; and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

(e) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service

performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

(f) Section 1426 (b) of the Internal Revenue Code is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such code, as paragraphs (14) and (15), respectively.

(g) The amendments made by subsections (c), (d), (e), and (f) shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 206. (a) Subparagraph (C) of section 1426 (d) (3) of the Internal Revenue Code is amended by striking

out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

SEC. 207. (a) Paragraph (1) of section 1426 (l) of the Internal Revenue Code is amended by inserting "(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order)" after "service" in the first sentence, by striking out "two-thirds of its employees" and inserting in lieu thereof "two-thirds of its employees performing service to which this paragraph is applicable" in such sentence, and by deleting so much of such paragraph as follows the first sentence.

(b) Such section 1426 (l) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively, and by adding after paragraph (1) the following new paragraphs:

"(2) WAIVER OF EXEMPTION IN THE CASE OF MINISTERS.—An organization exempt from income tax

under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders (other than a member of a religious order who has taken a vow of poverty as a member of such order) and perform such service in the exercise of duties required by such order or orders, and that at least two-thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate pursuant to paragraph (1) with respect to such employees.

"(3) LIST TO ACCOMPANY CERTIFICATE.—A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing

the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"(4) EFFECTIVE PERIOD OF WAIVER.—A certificate filed pursuant to paragraph (1) or paragraph (2) shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate:

(i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect (as determined under subparagraph (A) or (B), whichever is applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"(5) TERMINATION OF WAIVER PERIOD BY ORGANIZATION.—The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of

the receipt of such notice, the certificate has been in effect for a period of not less than eight years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a certificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter."

(c) The paragraph of such section 1426 (l) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: "If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organiza-

tion pursuant to paragraph (2) shall also be terminated at the same time."

(d) The paragraph of such section 1426 (l) herein redesignated as paragraph (7) is amended to read as follows:

"(7) NO RENEWAL OF WAIVER.—In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph."

(e) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed prior to January 1, 1955, under section 1426 (l) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (l) (2) of the Internal Revenue Code is in effect for any calendar quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which constitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed.

CHANGES IN TAX SCHEDULES

SEC. 208. (a) Section 480 of the Internal Revenue Code is amended by striking out paragraph (5) and inserting in lieu thereof the following:

"(5) In the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to $5\frac{1}{4}$ per centum of the amount of the self-employment income for such taxable year.

"(6) In the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6 per centum of the amount of the self-employment income for such taxable year."

(b) Section 1400 of the Internal Revenue Code is amended by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) With respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be $3\frac{1}{2}$ per centum.

"(7) With respect to wages received after December 31, 1974, the rate shall be 4 per centum."

(c) Section 1410 of the Internal Revenue Code is amended by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) With respect to wages paid during the calen-

dar years 1970 to 1974, both inclusive, the rate shall be 3½ per centum.

"(7) With respect to wages paid after December 31, 1974, the rate shall be 4 per centum."

FOREIGN SUBSIDIARIES OF AMERICAN EMPLOYER

SEC. 209. Section 1426 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(m) AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.—

"(1) AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.—The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (7)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded

from the terms 'employment' or 'wages', respectively, as defined in this section, had the service been performed in the employ of the domestic corporation. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, in the case of any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, after the effective date of the agreement, become employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

"(A) That the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 1400 and 1410, including interest and penalties, if the services of employees covered by the agreement had constituted employment as defined in section 1426; and

"(B) That the domestic corporation will comply with such regulations relating to payments and reports as the Secretary may prescribe to carry out the purposes of this subsection."

"(2) EFFECTIVE PERIOD OF AGREEMENT.—An

agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

"(3) TERMINATION OF PERIOD BY A DOMESTIC CORPORATION.—The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termi-

nation, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign subsidiary shall terminate at the end of any calendar quarter in which the domestic corporation, at any time in such quarter, owns 50 per centum or less of the voting stock of such subsidiary.

"(4) TERMINATION OF PERIOD BY SECRETARY.—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation

without the prior concurrence of the Secretary of Health, Education, and Welfare.

"(5) NO RENEWAL OF AGREEMENT.—If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety, the domestic corporation may not again enter into an agreement pursuant to such paragraph. If any such agreement is terminated with respect to any subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

"(6) DEPOSITS IN TRUST FUND.—All amounts received by the Secretary pursuant to an agreement entered into under paragraph (1) of this subsection shall be regarded for purposes of section 201 of the Social Security Act as taxes collected pursuant to this subchapter.

"(7) OVERPAYMENTS AND UNDERPAYMENTS.—

"(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such

times as may be required by regulations prescribed by the Secretary.

"(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

"(8) DEFINITION OF FOREIGN SUBSIDIARY.—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

"(A) A foreign corporation more than 50 per centum of the voting stock of which is owned by such domestic corporation; or

"(B) A foreign corporation more than 50 per centum of the voting stock of which is owned by the foreign corporation described in subparagraph (A)."

"(9) REGULATIONS.—Regulations of the Secretary to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same,

so far as practicable, as those imposed upon employers pursuant to subchapter A or E of chapter 9 of this title."

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

SEC. 210. Section 23 of the Internal Revenue Code (relating to deductions from gross income) is amended by inserting at the end thereof the following new subsection:

"(gg) PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.—In the case of a domestic corporation, amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 1426 (m) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction for income tax purposes under this subsection shall be included in gross income for the taxable year in which received."

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

SEC. 301. Section 8 (e) of the Social Security Act Amendments of 1952 (Public Law 590, Eighty-second Con-

gress) is amended by striking out "September 30, 1954" and inserting in lieu thereof "September 30, 1955".

TEMPORARY EXTENSION OF SPECIAL PROVISION RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, Eighty-first Congress) is amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1957".

TECHNICAL AMENDMENTS

SEC. 303. (a) Sections 3 (b) (1), 403 (b) (1), and 1003 (b) (1) of the Social Security Act are each amended by striking out "one-half" and inserting in lieu thereof "the State's proportionate share".

(b) Section 3 (b) of such Act is amended (1) by striking out "clause (1) of subsection (a)" wherever it appears and inserting in lieu thereof "subsection (a)", and (2) by striking out "increased by five per centum" immediately before the period at the end of paragraph (3).

TITLE IV—MISCELLANEOUS PROVISIONS

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 401 (a). Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954".

(b) Section 2 (c) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "six" and inserting in lieu thereof "twelve"; and subsection (5) (j) of such Act, as amended, is amended by striking out "sixth" and inserting in lieu thereof "twelfth". The amendments made by this subsection shall be applicable only in the case of applications for annuities under the Railroad Retirement Act filed after the month following the month in which this Act is enacted; except that no individual shall, by reason of such amendment, be entitled to any annuity for any month prior to the fifth month before the month in which this Act is enacted.

(c) Section 5 (l) (9) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "$3,600" the second time it appears and inserting in lieu thereof "$4,200".

(d) Section 5 (i) (1) (ii) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(ii) will have been under the age of seventy-five and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on seven or more different calendar days in noncovered remunerative activity outside the United States (as defined in section 203 (k) of the Social Security Act); and for purposes of this

subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this subdivision applies were entitled to benefits under section 202 of such Act;".

CROSS REFERENCES TO REDESIGNATED PROVISIONS

SEC. 402. References in the Internal Revenue Code, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this Act, and references in the Social Security Act, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Internal Revenue Code redesignated by this Act, shall be deemed to refer to such section or subdivision of a section as so redesignated.

Union Calendar No. 627

83D CONGRESS
2D SESSION

H. R. 9366

[Report No. 1698]

A BILL

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

By Mr. REED of New York

MAY 28, 1954

Referred to the Committee on Ways and Means

MAY 28, 1954

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 2, 1954
For actions of June 1, 1954
83rd-2nd, No. 100

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HIGHLIGHTS: Senate debated agricultural appropriation bill. House passed bill extending social security program to others, including farmers, etc. House received part 2 of GAO audit of CCC. Rep. Sheehan introduced and discussed bill to insure more sugar under Sugar Act.

SENATE

1. AGRICULTURAL APPROPRIATION BILL, 1955. Began debate on this bill, H. R. 8779 (pp. 6976-9, 6982-99). Agreed to Sen. Young's request "that the amendments of the committee be agreed to en bloc, and that the bill, thus amended, be considered as original text for the purpose of further amendment" (p. 6978).

   Agreed, 51-20, to a Schoeppel-Cooper amendment to increase payments to States for experiment stations by $1,500,000 (thus restoring the House figure and the budget estimate)(pp. 6979, 6982-7).

   Agreed to a Williams amendment to prohibit loans for new or expanded broiler production and to limit to $3,000 loans for continuation of broiler production or repair of broiler facilities, by any Government agency (pp. 6987-90).

   Debated a Douglas amendment to increase REA loan authorizations by $35,000,000. The yeas and nays were ordered on this amendment, but a vote was postponed until today. (pp. 6990-9.)

2. PERSONNEL. Passed without amendment H. R. 7554, to require payment of compensation to per diem, per hour, and piecework employees when Government establishments are closed by administrative order, thus according them the same equitable treatment as is given to classified or salaried workers in such circumstances (p. 6973). This bill will now be sent to the President.

HOUSE

3. SOCIAL SECURITY. Passed, 355 to 8, without amendment H. R. 9366, to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under

the old-age and survivors insurance program to other groups (including farmers and additional farm workers), increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits (pp. 7006-56).

4. CCC AUDIT. Received part 2 of the GAO audit report of CCC for the fiscal year 1952 (H. Doc. 409)(p. 7059).

5. FLOOD-CONTROL APPROPRIATIONS. House conferees were appointed on H. R. 8367, the Army civil functions appropriation bill for 1955 (p. 7006). Senate conferees have been appointed.

6. SUGAR. Received a La. Legislature memorial favoring an increase in the domestic sugarcane quota (p. 7060).

7. RECLAMATION. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H. R. 8520, to authorize the Ainsworth, Lavaca Flats, Mirage Flats Extension, and O'Neill development as units of the Missouri Basin project (p. D609).

BILLS INTRODUCED

8. SURPLUS COMMODITIES. H. R. 9389, by Rep. Hill, to increase the consumption of U. S. agricultural commodities in foreign countries; to Agriculture Committee (p. 7059).

9. FLAMMABLE FABRICS. H. R. 9392, by Rep. Patterson, to exempt from the Flammable Fabrics Act fabrics and apparel which are not highly flammable; to Interstate and Foreign Commerce Committee (p. 7060).

10. SUGAR. H. R. 9394, by Rep. Sheehan, to amend the Sugar Act of 1948 so as to prohibit the Secretary of Agriculture from setting an annual estimate below average usage during the 2 preceding years; to Agriculture Committee (p. 7060). Remarks of author (pp. A4072-3).

11. CIVIL DEFENSE. H. J. Res. 540, by Rep. Rodino, to constitute the Federal Civil Defense Administration an executive department; to Government Operations Committee (p. 7060).

ITEMS IN APPENDIX

12. SUGAR. Rep. Brooks inserted a La. Legislature resolution favoring increased domestic sugarcane quotas (p. A4023).

13. RECLAMATION. Rep. Stringfellow inserted articles by George D. Clyde favoring the proposed Echo Dam project (pp. A4025-7). He also inserted Mr. Clyde's summary favoring other Colo. River projects (p. A4030).

14. PRICE SUPPORTS. Extension of remarks of Sen. Johnson, Tex., stating that although "much is heard about the cost of the farm price-support program... not nearly so much is heard about Government subsidies to other occupational groups" (pp. A4035-6).

15. FOREIGN AID. Extension of remarks of Rep. Vorys favoring foreign aid through loans rather than grants (pp. A4060-1).

16. FARM PRICES. Rep. Canfield inserted a New York Times editorial claiming that

(c) Total taxes.
(11) Total annual charges (including taxes).

RECESS

Mr. HENDRICKSON. Mr. President, if there be no further business, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 25 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, June 2, 1954, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate June 1 (legislative day of May 13), 1954:

MISSISSIPPI RIVER COMMISSION

Egbert Alfred Smith, to be a member of the Mississippi River Commission.

House of Representatives

TUESDAY, JUNE 1, 1954

The House met at 12 o'clock noon.

Rabbi Amos M. Bunim, Congregation Sons and Daughters of Israel, Brooklyn, N. Y., offered the following prayer:

Our Father in Heaven, bless this august body of men representing the freest people in your world.

Grant us divine guidance to legislate in the spirit of the truth that You have taught us—to set noble standards for this great democracy that the other inhabitants of Your earth may emulate, to interpret Your will in laws and mores that will make this world a happy habitat which You have intended in Your graciousness; so that the bounties You have planted in heaven and earth may be extended to the good of all Your children.

Guide us to legislate in the spirit of Your teachings and may we realize the prophetic blessing expressed in Deuteronomy, "For this is your wisdom and your understanding before the eyes of the nations that shall hear all these statutes and they will say 'indeed a wise people and understanding is this great nation.' "

Protect us against the enemies of our country who blaspheme Your name and threaten Your children on earth with oppression of streams of blood.

Bless this peace-loving Nation to be everlastingly founded on the pillars of civilization expressed in the ethics of our fathers, "on justice, on truth, and on peace" now and forevermore. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, May 28, 1954, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 238. Concurrent resolution providing authorization for a correction in the enrollment of the bill H. R. 3704.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5731. An act to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes.

CIVIL FUNCTIONS, DEPARTMENT OF THE ARMY

Mr. DAVIS of Wisconsin. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8367) making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. CANNON. Reserving the right to object, Mr. Speaker, may I ask is it the expectation of the gentleman that this bill will go to conference this week?

Mr. DAVIS of Wisconsin. We are not sure just when the bill will go to conference.

Mr. CANNON. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin? [After a pause.] The Chair hears none and appoints the following conferees: Mr. DAVIS of Wisconsin, Mr. HAND, Mr. CEDERBERG, Mr. TABER, Mr. CANNON, Mr. RABAUT, and Mr. RILEY.

COMMITTEE ON RULES

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

SPECIAL ORDER TRANSFERRED

Mr. MILLER of Kansas. Mr. Speaker, I ask unanimous consent that the special order granted me for today be transferred to Friday.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

SPECIAL ORDERS GRANTED

Mr. PATMAN asked and was given permission to address the House for 20 minutes on Wednesday and Thursday, following the legislative business of the day and any special orders heretofore entered; and to revise and extend his remarks in each instance and include certain extraneous matter.

AMENDING SOCIAL SECURITY ACT AND INTERNAL REVENUE ACT

Mr. BROWN of Ohio, from the Committee on Rules, reported the following privileged resolution (H. Res. 568, Rept. No. 1699), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. BROWN of Ohio. Mr. Speaker, by unanimous consent recently granted, I call up the resolution (H. Res. 568) and ask for its immediate consideration.

The Clerk read the resolution (H. Res. 568) as above set out.

The SPEAKER. The gentleman from Ohio [Mr. BROWN] is recognized.

Mr. BROWN of Ohio. Mr. Speaker, I yield 30 minutes of the time to the gentleman from Virginia [Mr. SMITH], and yield myself such time as I may use.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, this House resolution will make in order the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of

earnings permitted without loss of benefits, and for other purposes.

House Resolution 568, Mr. Speaker, provides for a closed rule, waiving points of order. Apparently this method has been pretty well established by precedent as the method of handling social-security legislation. The rule also provides for the consideration of amendments offered by the direction of the Committee on Ways and Means and one motion to recommit would be in order. Three hours of general debate on the bill are also provided.

Basically, Mr. Speaker, H. R. 9366 would extend old-age and survivors insurance coverage to about 10 million people who are presently excluded from the program.

Self-employed farm operators, professional self-employed people, which would include lawyers, dentists, architects, engineers, and accountants among other professional groups, as well as employees of State and local governments, domestic workers, and ministers, would all be included in this extended coverage of the old-age and survivors insurance program.

I might add, Mr. Speaker, it is my understanding that under the provisions of this bill schoolteachers and employees of various political subdivisions of States now covered by retirement systems of their own, would not be included under this bill unless, by a two-thirds majority they vote to come under the social-security law; and even in that event they would continue to receive benefits from their State or local retirement systems to which they might belong, and would also be entitled to social-security benefits, should they vote to join the Federal program.

Mr. Speaker, this bill that has come from the Committee on Ways and Means is a very important one and one that has taken months of study and hearings on the part of that committee and its staff. If this rule is adopted, the House will proceed expeditiously to the consideration of the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, the rule for H. R. 9366, known as the amendments to the Social Security Act, came before the Rules Committee this morning. Unfortunately, the members of the Rules Committee had very limited time to read the contents of the 122-page typewritten bill, setting out numerous changes and expansions in the present social-security law. I fully realize that the members of the Ways and Means Committee and also the subcommittee of the Ways and Means Committee, devoted almost 6 months in holding hearings and writing the present bill under consideration. I believe that the Members of Congress who are not members of the Ways and Means Committee should have a longer period of time to study the contents of this bill and also have the privilege of adding to, striking out, or changing the bill in any manner which the majority of the total membership of the House desires.

I am voting for the rule and also supporting this legislation because it brings about a too-long-delayed expansion in social-security coverage. This bill adds approximately 10 million persons to social-security coverage. The greater percentage of the increased coverage is made up of self-employed farm operators and workers. This bill also covers about 400,000 engaged in professions such as lawyers, dentists, architects, engineers, accountants, veterinarians, optometrists, ministers, and so forth. Physicians have been excluded by the Ways and Means Committee by reason of the desire of a great majority of that profession. Also policemen and firemen who have an adequate retirement system have been excluded by reason of the request from the various police and firemen organizations throughout the country. This bill also extends coverage to State and local government employees. This will include city, township, and county employees. These various local government employeees who have a retirement system, can be excluded if they so wish by a majority of their group voting and if two-thirds desire exclusion, they will be excluded from the social-security program. Approximately 250,000 domestic workers in private homes will also be included in this social-security program. The bill also will include workers engaged in various other lines of endeavor which heretofore have been omitted from the social-security program.

One of the outstanding features of this bill is that it is extending the old-age and survivors' insurance coverage. The details of the increases which will be extended to retired people and old-age insurance income are set out in detail in the report and also the bill which the members of the Ways and Means Committee can more fully explain when the bill is taken up for debate.

The provisions set out in this bill is a step in the right direction. The leadership of the Democratic Party has been fighting for social security and social-security expansion for the last 20 years. It is indeed encouraging to see some of the Republican Members who formerly have fought and opposed social-security expansion, to be following the policy which has been inaugurated by the Democratic Party and has been contained and set out in every Democratic platform for almost a quarter of a century. The adoption of this legislation will eventually bring about more security for the American home. It will also be a contributing factor to contentment and happiness among millions which eventually will prove to be one of our greatest weapons in curtailing the spread of communism.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. ELLSWORTH. Mr. Speaker, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Speaker, I am voting for H. R. 9366 which is the bill to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors' insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits. I am doing so for the reason that in my judgment it does set forth some needed improvements in social-security legislation for the aged and disabled, but unfortunately it does not solve the entire problem nor cover the whole field.

Ever since the Social Security Act became law, from time to time the Congress has enacted amendments extending coverage to other groups of citizens and increasing the monthly payments. However it is still far short of covering the entire field of all citizens of the United States who should come within the protection of the social-security legislation. The monthly payments also, notwithstanding the several increases already adopted and those included in this bill, are far short of providing adequate allowances to permit the receipients to live in comfort and health and according to standards we have established here in the United States.

I have long advocated the enactment of legislation which would cover the entire field on a pay-as-you-go basis and would provide adequate annuities to the elderly people of America, dependent widows and the disabled and physically handicapped. I recently appeared before the Ways and Means Committee in support of my bill, H. R. 2446, which embodies the Townsend legislation, urging its adoption. If it were possible H. R. 9366 should be amended so as to include the provisions of H. R. 2446. But under the parliamentary setup that is impossible. This rule which will be adopted is a gag rule and no amendments will be permitted.

In appearing before the Ways and Means Committee in support of H. R. 2446 and its companion bill, H. R. 2447, I gave the arguments and reasons why, in my judgment, the approval of that legislation by the Ways and Means Committee should be given and that bill adopted by the Congress. As I told the Ways and Means Committee, it is of deep interest to note the decided trend toward the adoption of a universal, pay-as-you-go, old-age security program. Those of us who through the years have been fighting for a genuine pay-as-you-go program are very much encouraged by the trend of recent events which show public opinion increasingly supporting amendments of social security so as to make its coverage universal and place it on a pay-as-you-go basis.

As we all know, there is a large number of worthy aged citizens of the United States who are not covered by the provisions of existing social security legislation and who cannot qualify to come under it. Nevertheless the tax for its support, while contributed in the first instance through employers and employees, is in reality borne by everybody, and it is illogical and unsound to impose such a tax which protects only limited and special groups, as is now done. Under House bill 2446 all citizens would share in the benefits of the program.

While the President is to be commended for his recommendations for the extension of social security and in-

crease of benefits—which every Congressman will agree are badly needed—the coverage still fails to take within its protective shield all those who are entitled to be covered, and the benefits, even increased by the recommendations of the President, are wholly insufficient to maintain the elderly people of America in decency and health according to to American standards. It is not in any sense enough. The time has come for an overall, comprehensive social-security program, and the program presented by House bills 2446 and 2447 should receive the consideration of the Congress.

I wish to recall a statement by Ex-President Hoover, then Chairman of the Commission for the Organization of the Executive Department. He said:

> I wish to say at once that I strongly favor Government provisions for protection of the aged and their dependents. The problem before the Nation is to obtain a workable system, with a minimum of bureaucracy, adjusted to the economic strength of the country which gives assurance of security to this group. In my view, we have not yet found that system.

I feel that Ex-President Hoover's statement is every bit as applicable today as it was then. We do not yet have any such system.

In his message to this present Congress on social security, President Eisenhower urged expansion of coverage and stated that benefits provided by the present system are insufficient to combat destitution. Studies of his recommendations leave us convinced that coverage would still remain inadequate.

In fact, almost without exception qualified experts who have examined into the old-age-security problem facing our Nation have reported the deficiencies of the present system and need for major overhauling or substitution of a new system therefor. In the field of collective bargaining between labor and management, recent years have seen the development of private plans in industry the reserve funding of which already totals just about as much as the reserve fund of our OASI system. In the course of these collective bargaining sessions between management and labor, these private systems have been justified on the basis of the inadequacy of the OASI.

We in America can be justly proud of our achievements in the development of our industrial production. It enables us to stand in the forefront of all nations in the ability to produce food, clothing, shelter and other necessities of life in abundance—not only for our own people but to help other nations in need. This was a major factor in winning the war; and it remains a major factor in our international efforts to win the peace. However, with machine labor and mass production, we have found that many elderly people of America, by reason of the very success we have achieved in production, are deprived of remunerative employment in their declining years; and many of them are in dire need.

Existing economic and social conditions force upon us the complex question of security for the individual in our modern industrial civilization. Since 1919 the number of self-employed individuals in the United States has remained fairly constant at about 9 or 10 million. During the same period our total labor force has doubled. As our population and labor force have steadily grown, the percentage of self-employed has just as steadily declined. An ever increasing percent of our people come to old age and inability to continue in employment with no opportunity for self-employment.

The young and vigorous are on the payrolls of this machine age and the elderly citizens are relegated to the sidelines. As a result of this increasing unemployment of the aged, we are faced with the problem of social security to meet the needs for livelihood of this steadily increasing part of our population.

To meet this problem the 74th Congress passed Public Law 271 setting up the present social security program. Since that time this law has been studied repeatedly and amended repeatedly. It is now before you for further amendments which in many respects are more extensive than any of the past.

There are nearly 20 bills pending before this 83d Congress seeking to improve various features of this insufficient law. After practically 20 years, during which Congress has dealt with the social security problem on the basis of the present OASI system, can more conclusive evidence possibly be demanded that it is not, as it stands today, a satisfactory answer to the problem?

The failures and shortcomings of the present system are more than mere theoretical failures. What they mean is that millions of good Americans have lived out their elderly years under conditions of tragically unjust, economic hardships; and that up to this moment we still have done nothing to change that sorry state of affairs. It is time to realize that we are not going to solve the problem by continuing this same policy.

The problem of caring for the aged, the disabled and families bereft of their breadwinners, as seen today in the eyes of proponents of the Townsend plan, and others, is that there are many millions of such persons in need among us who are not now, and cannot, in the future, be cared for in an honorable and just way by the present system of social security. Under the present system, millions of old folks and disabled people receive either hopelessly inadequate support, or no support at all. While there are millions of senior citizens too well off to get an old-age pension, they are too poor to live decently.

While comparison of the philosophy and objectives of the Townsend proposal and the present system shows them to have much in common, there are marked differences. Our proposal would give recognition to the past labors of the aged and would provide them dividends from the wealth they helped to create. It would give this as a matter of right without any direct relation to specific monetary contributions. The existing OASI program gives benefits as a matter of right, to carefully defined groups, but ties them to a principle of insurance—something that each prospective annuitant and his employer buy as they participate in the productive processes of the country. Finally, old-age assistance is provided for the aged who, because of inadequate OASI coverage or benefits, are in need and should be helped.

I believe that annuities should be offered with neither the stigma of charity nor of poverty. They should be offered as dividends from the national wealth which every citizen helps to create. A system should be adopted to replace the complicated, arbitrary and inequitable provisions of existing law. It should be one which will have a stimulative effect upon our economy and one which will help to make jobs available to all the young who will replace the aged as the latter move into retirement at a decent standard of living.

A major defect in the present system is the smallness of individual payments and their failure to raise the aged to a decent standard of living. Present payments, averaging about $50 a month for insured workers, leave those with nothing else to depend on in an utterly impoverished condition; and these benefits fail miserably in raising the elderly as a group to anything resembling a fair comparison with prevailing American living standards. The old-age insurance program is based, in respect to the payments to recipients, upon the contributions made by the covered self-employed, employees and their employers. This principle damages the benefit rights of workers who encounter economic misfortunes in the course of their lives, thereby lessening benefits to the very people who are destined to need and deserve benefits the most when they reach retirement. Therefore, President Eisenhower's recommendation to ignore a worker's worst 4 years of employment for purposes of computing benefits is to be commended as a desirable improvement.

Another major and pathetic defect is that the present system attempts to measure, in terms of fixed dollars, benefits to be paid as long as 50 years in the future, to workers now just starting their working lives. Surely by now we have sufficient experience with the depreciating value of the dollar to realize the futility of attempting to determine a fixed dollar income for retirement 10, 20, or 50 years in advance. Annuitants today, with fixed incomes based on prewar values, are able to buy only about one-half of the food, clothing, and other necessities their meager annuities would have provided before the war. Changes in the purchasing power of the dollar are so great that the attempts of one generation to set minimum decent living standards for succeeding generations, in terms of fixed dollars, can be satisfactory only by chance.

In attempting to do this extremely difficult thing the present system requires keeping meticulous individual records of the wage and working activities of 75 to 100 million covered workers over periods of time running up to 50 years.

It is most difficult to continue under any system having such basic flaws and

honestly hold forth any hope that the American people are ever going to have a satisfactory solution of their social-security problem. To do so is to delude ourselves and the public.

Earlier this year, we were all pleased to witness recognition of many shortcomings of the present system in President Eisenhower's message to Congress on social security. I certainly agree that millions more of our people should be covered under whatever system we have than are covered presently under OASI. I approve of extension of coverage; but I do not agree that the present system can provide adequate and secure coverage for all the American people who should be covered, unless the system is so drastically changed as virtually to repudiate its present principle in respect to coverage.

I was equally pleased to hear the President characterize the benefits provided for in the present law as insufficient to combat destitution. I certainly agree that benefits, under whatever social-security program we might have, should be much higher than those presently provided.

However, I certainly do not agree that increasing the minimum OASI benefits from $25 to $30 a month is enough of a contribution to combating destitution. We equally find agreement impossible on the point that increasing the maximum benefits from $85 to $98.50 a month is of general benefit when we realize that such benefits would go only to workers with an average earning record of a flawless $300 a month. It is clear to me that the same consideration is true regarding the proposed maximum of $108 monthly benefit to be based upon a flawless wage record in covered employment of $350 a month. What a stepdown of living standards, for a majority of our people will result, under the benefit formula inherent in OASI.

It is only a year ago that our great problem was to find ways of overcoming inflation. Now, we have, in the full sense, at least 4 million unemployed, costs of living still at their peak, and the great worry and problem is to combat deflation, recession, to prevent depression. Surpluses, resulting in unemployment, are gathering while we harbor a system of social security that fails adequately to amplify purchasing power among those very parts of our population where purchasing power is most inadequate; the aged, the incapacitated, the widowed mothers with dependent children, where purchasing power is pared right down to the very bone and often enough right into the marrow.

I am intensely interested in every possible improvement in any part of our social-security system, in any way that will, however slightly, help these people in need; but I do not accept these improvements as constituting the kind of progress in social security that the American people should have. It is on this basis that we press with all our ability for a program that will really solve this problem once and for all, and as soon as possible. It is on this basis that I press for the adoption of the Townsend program, for congressional action on social security through the identical bills, H. R. 2446 and 2447. It is high time to solve this problem.

The Townsend Plan is flexible. It would automatically change with changing conditions, changing living standards and purchasing power of the dollar, in terms of the real value of its benefits. We simply cannot see how any social security program can securely provide security for the people unless it is designed to operate in this way.

Because of the fact that no such program has ever been in operation, direct statistics do not exist, and it is not possible, precisely, to calculate the individual benefits that would be available under H. R. 2446. However, there do exist sufficient data on business operations and on our population to make a perfectly reasonable and sound estimate on the basis of conditions in recent years.

Continuous study of the program presented in H. R. 2446, over many years, enables us to calculate a gross income-tax rate that would obviously provide a desired amount of revenue under specified business conditions. This means that a given benefit goal, in terms of its relationship to general living standards, can be adopted and the needed tax rate established, so that the resulting benefits to individuals would then be set in a fixed ratio to general living standards and economic or business conditions. This completely overcomes the problem of benefits in terms of fixed dollar amounts which become utterly ineffective as prices, standards of living, and business conditions change.

These principles have been found necessary for adequate pensions among nations having much longer experience with social security than we have. The Social Security Bulletin of January 1954, features this question in a special article. It shows Sweden, after 40 years experience, adopting a cost-of-living adjustment in 1950 and, on top of it, a standard-of-living adjustment in 1953. Operating together, these two adjustments increased Swedish pensions 75 percent above their 1946 base period.

Townsend plan benefits would stay in step, maintaining their real value. It would only be the development of great changes, or after long periods of time, that adjustments would be needed; and then they would be mere adjustments in the light of solid and obvious needs. Once in operation, direct data by which to calculate precise benefit values and tax rates would be readily available at all times. The whole picture of social security, in this respect, would immediately and permanently become automatically available.

Since the amounts payable under the Townsend plan will be determined by subtracting administrative costs from tax receipts with the balance being wholly distributed in the form of benefits, there would be absolutely no surplus; there would be absolutely no debt. As far as social security is concerned, the budget would be balanced exactly. The opposite state of affairs that exists under the present OASI program is certainly thoroughly enough known to require no comment here.

It is obvious that administration of the Townsend plan would be tremendously less expensive than the cost of the present system; especially is this the case when we realize that the problem would be fully solved, while under the present program we are far from solving it.

The tax proposed to finance the Townsend plan is a gross income tax. Practically every argument that can be raised against this tax can be raised against nearly every other tax in force today. Two strong counterarguments, however, do exist against the so-called regressive nature of the proposed tax. The first is that no tax should be considered apart from the use to which the revenues derived from the tax are to be put. While sales taxes, for example, are objectionable in respect to being regressive, the laudable purpose of the proposed tax overcomes this objection. It is apparent that persons in low-income groups will receive benefits at relatively small cost, while people in high-income groups will pay relatively more for the same benefits. Under the Townsend plan, all will receive the same benefits. Therefore, instead of the tax actually being regressive, its final effect is progressive. Furthermore, it is not improper to suppose that the taxes, to the extent that they are not dissipated by the positive stimulus that the currently paid benefits will have on the economy, will be borne willingly by all in the realization that by paying a tax today they will guarantee themselves an honorble annuity when they, too, are disabled or reach the age of 60. All individual, personal incomes in excess of $250 monthly will be taxed 2 percent. there will be no other deductions. The tax will be wholly justified by this direct and completely reliable benefit to every taxpayer upon qualifying.

The thought behind this proposal is this: We have repeatedly experienced the production of surpluses that could not be sold with the results of overproduction, underconsumption, and unemployment. Now, again, with industry having surfeited the postwar demand for goods long unavailable, with our rearmament and defense program leveling off, we are face to face with the same forces; surpluses are a looming and foreboding economic fact and unemployment has reached threatening proportions. The Townsend plan would help greatly by creating a new market which would buy up this accumulating surplus; it would keep industry going; it would prevent unemployment; simply everybody would benefit by escaping the great losses which these situations cause to just about everybody, big or small.

Early this year the Senate had quite an open discussion of agricultural surpluses, revealing the astronomical figures to which they had risen, with some 331 million pounds of butter, for example, in Government storage at that time. However, it has also become clear that agricultural surpluses are only a part of the picture. Right across the board of industry and business, accumulating inventories, failing demand and consequent unemployment—which further depreciates demand—have been mounting concerns. The construction of the

Townsend bill has been dictated by the obvious fact that raising the tragically inferior living standards of the aged and other disabled citizens to general American standards would enable these millions of people to purchase and consume these otherwise recurring surpluses of every kind. It is our contention that a fully adequate social-security system of this design would, in the long run, not onlly solve the social-security problem once and for all, but would also have a steady, stimulative effect on our general economy which would benefit virtually everybody. The economic results would offset the theoretical costs of such a program, completely.

Under such conditions of stabilized prosperity, subject to the powerful forces of expansion and economic growth which we, as a Nation, have proven ourselves capable of, there would be a greater and more confident opportunity for every individual in our land to work, to earn, to risk and to invest without the plague of surpluses with their costs and losses constantly recurring. What other way is there ever to absorb our surpluses except to create the market that can buy them and use them?

This is no longer only the idea of the Townsend movement. In recent times, there has been a constantly growing demand for action to increase buying power in our economy. Even tax-reduction has been proposed for this purpose on the theory that more money would be left in consumers' hands. A very notable instance in the business world was the observation of Mr. T. V. Houser, vice president of the Sears, Roebuck & Co., in addressing the recent national convention of the National Retail Dry Goods Asssociation. He spoke of pension plans as permitting people to spend in a way that would not be "prudent if the protection afforded by these funds did not exist. The average family can more nearly use current income for the immediate enjoyment of better living standards. Families having to draw on such funds when extended illness or retirement comes have more current income for a sustained standard of living than would otherwise be the case." He further explained that pension plans bring about "an accumulated buying power, increasing year by year, which in previous decades did not exist at all."

Mr. Speaker, all of us have long been fully aware of the continuous receipt by Members of Congress of the endless flow of mail from constitutents, revealing the widespread, shameful shortcomings of the present act, especially emphasizing its failure to give any relief to millions of already aged people. This has been going on year after year.

In spite of the many efforts to improve this act by amendments, dissatisfaction has grown with the passage of time. As more and more people who have been basing great hopes on our social-security system have come to the point where they have had to depend on it for support, too often disappointment and disillusionment have been their rewards.

The further we go in our technological development in the field of production, the more critical and intense this whole problem is going to become. The President has said that we do not need to rely upon the demands of war and defense in order to have economic prosperity; and with this view nobody could possible agree more completely than we do. However, it is perfectly plain to us that the present social-security program offers too little toward this great ideal. It is equally clear to us that a sufficient social-security program will contribute tremendously to it.

Now, in approaching the end of these remarks, I wish to speak about the actual specifications of H. R. 2446. Our studies have shown us that there is a great gap between the average living standards of the American people as a whole and the living standards of the aged. Although we have a social-security program, operating at Federal, State, and local levels; although we have many thousands of private pension and welfare funds; Federal, State, and local retirement systems for public employees; the railroad-retirement system; life insurance; although we have all of the many efforts of the American people to provide for future security by saving and investment—and these complicated efforts are mighty, indeed, in their cost—yet the latest official data from the Census Bureau, showing the distribution of consumer income, reveal the elderly people still enduring income levels barely better than one-third of the national average. This is inclusive of all the income they receive in the form of benefits from any and all existing programs and resources.

H. R. 2446, based on the 2 percent gross income-tax it proposes, would provide benefits which would replace many of these programs now existing—such as OASI and OAA—and would, in addition, bring the elderly people to close equality of income with other groups. The aged as a group would no longer endure inferiority and dependency; they would be equal as a group and none of them would have less than the Townsend plan pension—close to $130 monthly as of 1952, or close to $140 monthly as of 1953. As it is, not only is the income average of the aged about one-third the general average, but over 25 percent of the aged are completely dependent having absolutely no money income from any source.

It is time to have done with poverty and despair as the final rewards of life. Let us have full freedom and equality for our aged and disabled, and with it let us have unprecedented prosperity.

(Mr. ANGELL asked and was given permission to revise and extend his remarks.)

Mr. ELLSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Speaker, apparently some social-security legislation is necessary because in the last 10, 15, 20, or 30 years the situation in this country has become such that it is almost impossible for an individual to provide, as we did in days gone by for his own old-age security. Farmers are to be forced in—doctors and some others kept out. Either all should be in or those who do not choose to be in should be left out. Of course, all who are unable to care for themselves—and that through no fault of their own should be cared for.

I have heard considerable about unemployment lately and the necessity for a Federal program in order to create employment. But last week a constituent phoned me and said he was trying to get a Cadillac for his nephew but was unable to do so. He wanted to see if I could not talk to a sales agent down here and help out. At one time I had helped him get a Cadillac, not by contribution to any part of the purchase price but by talking to the general manager of a sales agency. I told him that I would try. So I called the agent and do you know what he told me? He said, "Now, do not go bothering about this for it will take 6 months before your friend can get a Cadillac."

I guess Cadillacs are made up there in Michigan. I have heard my colleague from Detroit [Mr. RABAUT] a very distinguished and able Representative, talk about unemployment in Detroit. Now, what is the matter? Is General Motors getting too many Government contracts? Are they too far behind? Or why is it that this man with money to spend cannot get a Cadillac? You talk about giving people more money to increase their purchases. I wish somebody would find out about this so that this gentleman would quit asking me. He has money to spend. But he cannot get the car of his choice. I do not want to be investigated for using undue influence, even with General Motors. I do not know whether it is unemployment or what it is. I suggested they buy a Ford or a Chrysler or an Oldsmobile or go to the secondhand yards. I have been up and down the streets seen car after car, hundreds of them, yes thousands of them, waiting for somebody to put in some gasoline and, if possible, drive it away.

Mr. RABAUT. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Michigan.

Mr. RABAUT. I was just thinking that it might be a good idea to get that man's name and address because I think there are a few dealers he will hear from.

Mr. HOFFMAN of Michigan. Oh, the gentleman is looking for a commission. I want the credit for doing that if I can get it.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. LYLE].

Mr. LYLE. Mr. Speaker, I am opposed to this type of rule. Of course, I have no objection to the House considering a social-security bill. I am conscious of the fact that this great Committee on Ways and Means has labored very hard on this legislation, but we do violence to our own intelligence, to our own responsibilities, when we bring in a rule which disfranchises the Members of the Congress. The Members on the Democratic side of the Committee on Rules made the very simple request that this rule provide that any Member of this House might be able to offer an amendment striking any portion of this bill, not adding to it, not

extending the field, but simply the privilege, as a United States Representative elected by the people, of offering an amendment to strike a portion of the bill which a Member might feel was not to the advantage of the American people. We were defeated. I have too much respect for you Members of this House on both sides to ask you to vote for a rule making in order a bill which you can do nothing about. You cannot even read it because it is too long.

It is wrong, gentlemen. I know it has been done under Democratic administrations. I thought it was wrong then. I know it has been done under Republican administrations. I still think it is wrong: 435 intelligent men and women, elected by the people, disfranchised by their own vote on this rule, throwing up their hands and saying "We cannot pass intelligently on this legislation unless you permit us simply to say 'Yes' or 'No'." I am opposed to that because I respect your intelligence and your responsibilities too highly.

Mr. ROGERS of Florida. Mr. Speaker, will the gentleman yield?

Mr. LYLE. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. I just want to say to the gentleman that he has always been mighty sound in his thinking on legislation, and I think he is eminently correct in opposing a rule where a Member of the House can offer no amendments. Now, there are several provisions in this bill that none of us will agree to, I think. They exempted in this bill physicians, but as to the dentists it is specific. The dentists do not want to come under the provisions of the bill any more than the doctors.

Mr. LYLE. The violence is not to the dentists but to the system of government which takes away the right of a Representative to pass intelligently upon sections of the bill.

Mr. ROGERS of Florida. I agree with that. This is just one concrete illustration. Now, some of you will have to vote for some bad parts in order to get some good parts in the bill.

Mr. LYLE. If you vote for the bill, you will vote for some of the parts you do not like.

Mr. SMITH of Virginia. Mr. Speaker, I yield 9 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, when this social security bill was up in 1949, along with other Members, I opposed what was termed a gag rule. I opposed that under a Democratic administration. I oppose it this morning under a Republican administration.

Mr. Speaker, I am in thorough accord with the gentleman who just preceded me, the distinguished gentleman from Texas, [Mr. LYLE]. Why should we in this House disfranchise ourselves so far in the consideration of this legislation when the other body will, no doubt, take as much as 2 or 3 or 4 weeks to consider this legislation?

Here is a bill of some 122 pages. The Committee on Ways and Means considered it for months. Then they brought it to the Rules Committee this morning and asked for a closed rule under which you cannot dot the i or cross the t. In addition to that, we are asked to waive the requirement of its lying over for an additional 24 hours before it may be considered by the House.

Why all the haste? The great Speaker sitting here is quoted in the press as saying that we will be ready to adjourn by July 1. The majority leader in the other body says we will get out around the 1st of August. The minority leader in the other body says we will get out around the 15th of August. In other words the House is a month or more ahead of the Senate on the adjournment schedule. Yet we are going to consider this bill all in 1 day, having run it through the Committee on Rules and put it through the hopper in 1 short day; and there will not be 2 Members of this body, other than the Ways and Means members—and I say this with no reflection upon anyone, because I will be 1 of them—who will have read that bill. The Members have not had an opportunity to read it. It has just been made available today.

Mr. Speaker, we are going to make a rubber stamp out of this House if we continue to legislate in this manner.

What are we going to do here today? We are going to pass this bill today, and I suspect I am going to vote for it. But I do not like the method of its consideration. We are going to pass it today, and then we may have a program tomorrow and we may not. But I will make the prediction, and I do not write any columns either, and I am not a prophet, but I make the prediction that this House will not be in session more than two-thirds of the time between now and adjournment. Yet we have to rush this thing through today. We are going to lose further caste as a legislative body if we continue to legislate in this manner.

My friend from Texas pointed out a moment ago that we tried to provide in the rules, in the committee for a little simple amendment as to whether you, representing your congressional district, could offer an amendment to strike out one little provision of this bill if you wanted to. But we were told that would be discrimination. The great Ways and Means Committee did some discriminating in the consideration of this bill. When the medical profession raised a great ruckus, it said, "All right, we will let you out." Well, as somebody else has pointed out here, we have heard from some people here who are raising some ruckus too. All I am asking, Mr. Speaker, in all good faith and in all good humor, and will ill will toward none, is that this House be given the opportunity to consider this matter under the regular procedure, and for that reason I am going to vote against the rule.

Mr. ELLSWORTH. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. Speaker, I am not going to get into any controversy because I very well recognize that after all the tumult and shouting dies, most of the Members of the House are probably going to support this measure which regardless of the party which may be in power represents the desire of the citizens of this country who by their own contribution and the aid of the Federal Government under this system are entitled to expect a stable and continuing Government policy. This bill extends to approximately 10 million people, benefits of the Social Security System. It extends the coverage and it expands the benefits. It is part of the President's promise to the American people in his campaign and in his state of the Union message. This represents a keeping of that promise. I am for the rule and for the bill.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself the remaining time.

Mr. Speaker, this bill contains 122 pages. Obviously, Members of the House have no idea what is in it although they are called upon to vote for it and pass it today.

I asked for a copy of the bill when I arrived on the floor a few minutes ago, and there were no copies available. Within the last few minutes they have been delivered from the Printing Office, and I have just obtained one of those copies.

This is an extension of the Democratic policy of social security. I differ with the gentleman from Pennsylvania [Mr. SCOTT], who has just addressed the House, saying that this was a part of President Eisenhower's program. This was a part of President Roosevelt's program and a part of President Truman's program. The difference between us is that under the Democratic program for social security it was recognized that it was a tremendously complicated subject, that it was a subject that would require years of practice and study, public acceptance, and gradual coverage. So we began in a small way to introduce the social-security program. I voted for it. We recognized, and I think the House and the country at that time recognized that it was a program that had to go by progressive stages; that it had to have the knowledge and approval of the general public before it could be successful and a permanent program.

The difference between us this morning and the Democratic policy is that while we have tried to carry on a progressive, gradual program that would make extended coverage over the years as the public became educated to social security, my friends this morning want to undertake to make the whole leap in 1 day. They want to cover the surface of the earth before we have an opportunity to educate the public to this program I do not know why they should have concluded that we had to do it today; that we would not have time to debate it; that we would not have time to talk about who should be included, and would not have time to talk about the opportunity to offer amendments. We have got the whole week before us, but the program seems to be that it must be put through this day if it is ever going to be put through. Perhaps if this bill and this 100-page report were circulated sufficiently among the Members there might be some objections to the passage of this bill. Anyway, it must be

put through today as a Republican program, as the result of a platform promise. I do not know why it has to be put through so suddenly and why the coverage had to be so extended, unless it is the fact that my friends on the left figure they might not be in control too long, and they had better get this thing over while they can.

I object to the feature of this bill that prohibits you from offering any amendment. I think that requires a little discussion and a little understanding. We all agree that on an ordinary tax bill it is not feasible or practical to write it on the floor of the House, and therefore we have adopted the theory that we have closed rules on tax bills. But all we asked for in the Rules Committee was that the individual Members of this House be given an opportunity to offer amendments to designate what classifications of persons should be included. You will note, if you have gotten far enough in this 100-page report, that under the compulsory program all professional classifications are included in this bill. They include lawyers, dentists, architects, engineers, accountants, funeral directors, osteopaths, chiropractors, veterinarians, naturopaths, whatever they are, ministers, and Christian Science practitioners. The funny thing about it is that they exempted doctors. I asked somebody if it was not a fact that the only reason they exempted doctors was that they made more noise than anybody else, and therefore they were exempted. The other professions, which perhaps did not know anything about it, are being included in this program and are forced to enter into this program against their will.

What I have asked—and I am going to pursue it further on the floor by asking that the previous question be voted down. The committee has put in these classifications. I am going to ask that the previous questions be voted down, and, if it is voted down, I shall offer this amendment that this shall be an exception to the closed rule and provide that any Member may offer an amendment to exclude any classification or occupation or to include an additional classification.

The reason for that is that there are some classifications that Members here on the floor think ought to be included, classifications that want to be included that are discriminated against and are not included. So why should not this House, which is supposed to do the legislating, why should not they have the opportunity not of amending the tax rate, not amending what the tax shall be, but just saying what classification shall be included and what classification shall be excluded.

Take the farmers; let us consider the farmer for a minute. The doctors know what is going on up here; they have their organization, and when something happens here that affects the doctor, you hear from them very quickly. Many of these old farmers out in the country do not belong to any of these farm organizations; they do not know what is being done for or to them. But if this bill passes, every farmer in your district if he makes as much as $400 a year is going to have to pay a social-security tax no matter whether he wants to come under or whether he does not want to come under, and that applies to every other classification in here.

I am just opposed to this compulsory inclusion in social security of any class of citizens. But that is not the question here this morning; the question is which of these classifications, or whether this House shall have the opportunity to say that we want to include this classification or we want to exclude this classification. So my proposal will be to let the House either enlarge the classifications or restrict the classifications.

It does seem to me that in a democratic body—although we have got to pass this bill it seems today—that in a democratic body such as the House of Representatives that the membership should at least have the opportunity to say what classification they want to include and what classification they wish to exclude.

This bill imposes a burden upon the already overburdened taxpayers of the country, because under this bill before this tax rate reaches its maturity there will be a tax of 8 percent upon employers and employees, upon farmers, domestics, and what have you. They raised the tax rate progressively in this bill so that a person of very moderate means may find himself in years to come confronted with a tax of somewhere between $250 or $300 a year on this social security. So you are putting quite a burden on the people.

This is not any little thing you are putting on the people of America, and it does seem to me that there ought to be full time for discussion, there ought to be full opportunity for amendment, especially as to the classifications to be included or excluded.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. ABERNETHY. I am interested in what the gentleman has had to say and I thoroughly agree with his views. Now may I ask the gentleman this question: Do I understand this bill to provide that every farmer in this country, of which there are about 7 million, will be forced under this program, if he earns as much as $400 a year?

Mr. SMITH of Virginia. Yes.

Mr. ABERNETHY. If it be that a farmer does not desire to come under it and he does not pay this tax, does that mean that an agent of the Federal Government will be out on his farm attaching his property for the purpose of forcing him into a program that he does not wish to participate in?

Mr. SMITH of Virginia. The same rule that affects the collection of other taxes will prevail in this case.

Mr. ABERNETHY. It means then that quite a raft of tax collectors will be raiding the farms of thousands of men in this country, farmers who definitely will not want to come under this program.

May I ask the gentleman a further question: Does this rule provide that no Member may offer an amendment to make the coverage voluntary?

Mr. SMITH of Virginia. Yes.

Mr. ABERNETHY. Such as making it voluntary for the farm people to come under the coverage?

Mr. SMITH of Virginia. What I tried to explain was this: This is what is known as a closed rule, sometimes called a gag rule. You cannot offer any amendments.

Mr. ABERNETHY. I think we are going to have a lot of Federal tax collectors working around the farms collecting taxes which of itself will probably increase the Federal payroll by two or three hundred thousand employees just for the purpose of collecting social-security taxes. They will be nothing but a common nuisance.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. I am not familiar with the provisions of this bill. Is it true that the owner of a farm will have to pay something to the Federal Government and that he comes under this?

Mr. SMITH of Virginia. Oh, yes, if he makes $400 a year or more.

Mr. HOFFMAN of Michigan. Suppose he does not work on the farm and the profit is $400?

Mr. SMITH of Virginia. If he rents his farm he does not have to come under it. That is if he rents his farm out.

Mr. HOFFMAN of Michigan. But he has to pay taxes on the upkeep and so forth.

Mr. SMITH of Virginia. If he is a farmer and makes $400 a year.

Mr. ABERNETHY. The only way we can get out of this parliamentary situation, this gag rule, and have the privilege of offering an amendment is to vote down the previous question?

Mr. SMITH of Virginia. Vote down the previous question and accept the amendment I shall offer; then you may vote to include or exclude any classification.

Mr. ELLSWORTH. Mr. Speaker, I yield 10 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, this sort of debate is not new on matters of this kind. I have been present here when the same arguments were made before. Undoubtedly they are made in good faith, in complete sincerity, and with a considerable degree of persuasiveness. However, the plain fact remains that for 15 years extensions of social security have been handled under this type of rule. I think it is completely understandable why that is done. This is a highly complicated piece of legislation and beyond that there is the matter of the necessity of actuarial soundness with respect to the bill as a whole.

The bill is built upon that basis. Problems of coverage and others involved in the consideration of actuarial soundness are involved. To undertake to rewrite the bill on the floor of the House would likely get us into the sort of situation that has convinced us over the years that tax bills from the Ways and Means Committee should be considered under closed rules.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Mississippi.

Mr. COLMER. I am sure that my distinguished friend does not want to mislead anybody. He would not do it, let us put it that way. But if the statement that he made that for 15 years this sort of bill has been considered under a closed rule is correct, then the information that I have is incorrect. The information I have is that only twice has it been considered that way.

Mr. HALLECK. No. I do not know where the gentleman got his information, but may I say, anticipating that something like this might develop, I had a check made by one of the employees of the House whose word the gentleman would not question or whose thoroughness the gentleman would not question. He is the source of my information.

Mr. COLMER. Mr. Speaker, will the gentleman yield for a brief statement?

Mr. HALLECK. Yes.

Mr. COLMER. May I just say to the gentleman that my information came from the same source.

Mr. HALLECK. I trust that the gentleman is not accusing me of misquoting the source.

Mr. COLMER. I certainly am not. What I meant to say was that my information came also from a trusted employee of the House.

Mr. HALLECK. Well, I have some very vivid recollections, too, of the manner in which we have approached these propositions. As the gentleman knows, I served on the Committee on Rules. I understand you can make a great speech about a closed rule and what an awful thing it is to have a closed rule, but recognizing the practicalities of the situation when I was in the minority on the Committee on Rules, I went along with many closed rules because it seemed to me to be the way to expedite the business of the House.

While I am talking about that, let me just say this to my friends who apparently think we should put this legislation off until the last week, that we all recognize this will have to go to the other body, hearings will need to be held, and it should be obvious to all of us that the quicker we get these measures over to the other body, why, the better chance we have to get action completed and adjourn in a reasonable time. It strikes me as being inconsistent, on occasion, to say that the House is not doing anything, the House of Representatives is not getting anything done, but here apparently it is suggested we are getting too much done.

In connection with the coverage, we already have 62 million people under the social-security program. Some people thought that when the Republicans won, we expected to come down here and repeal the social-security law. You know, that would be a little rough for me, because one of the first speeches I made in the House of Representatives was for the social-security proposal when it was first before the Congress. So, I would have to be doing a very, very wide turnaround in order to be for repeal. We might as well recognize the fact that the social-security program is here; it has become an integral part of our economy, and as far as I am concerned, as we extend its coverage, making it more nearly universal, then the better off we will be, because if you can get universal coverage, then you will no longer need the public-assistance program, because people will be taken care of under this program. To my mind, that is a desirable thing.

May I point out another thing? Everyone is paying for this program, whether you are getting the benefits or not. A part of it is in the cost of every automobile you buy or every tractor the farmer buys, the shoes you wear on your feet.

The gentleman from Virginia said that some people in the other professions do not know about what is going on with respect to this bill. It was my privilege just a week ago to be out in the great State of Ohio speaking before the Ohio State Bar Association. I did not press the matter of social-security legislation there in what I had to say, but while I was present the Ohio State Bar Association adopted a resolution, speaking for the lawyers of that State, asking that they be included in this program.

Mr. SECREST. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Ohio.

Mr. SECREST. I have read this report, and I think that these amendments are some of the finest ever proposed. I think the provision to include farmers is one that will meet with the approval of 90 percent of the farmers of this country, and I am going to vote for the bill in order to keep it from being whittled to death.

Mr. HALLECK. The gentleman from Virginia said he is going to ask the membership to vote down the previous question, which would mean that the rule then would be open for amendment. If the precedent that has been established, may I say again, for 15 years is to be upset, vote down the previous question. However, I do not believe that is going to be done. The great Committee on Ways and Means has worked diligently and carefully on this bill.

When they came along with various provisions, statements were made to the press as to what was being done, so I do not think it is quite fair to say that none of us knows what is in the bill. Whether you have read all the bill or not, every one of us has had an opportunity to become acquainted with what is in the bill and to know about it.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from New York.

Mr. JAVITS. I am strongly in favor of this bill. If we open it up for amendment, it could be much less modernized, rather than more; therefore, those of us who are in favor of the most modernization, should be against opening up this rule to amendment.

Mr. HALLECK. Whether it would make for more or less modernization, I do not know, but I do say that the committee has done a good job with this bill. I think it would be a mistake to throw it open for amendment on the floor. Certainly the people on my side of the aisle should not be too concerned about this rule, because we have been having this sort of rule for a long time. To my friends on the right I cannot conceive of their backing up on the program or the method of consideration that was established by them, backing up just because Republicans happen to be in power at this time.

Mr. REAMS. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Ohio.

Mr. REAMS. I have had correspondence from some doctors who want to come in under this program. Is the entire profession excluded?

Mr. HALLECK. As I understand it, the entire profession is excluded. Of course, it should be kept in mind that the minority has the right to make a motion to recommit if they wish. That motion may be as limited or as broad as anyone wants to make it. But that is a method that would be open, I might say to the gentleman from Ohio [Mr. REAMS], if one were opposed to the bill—of course, he would have to be opposed to the bill to qualify to make a motion to recommit.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. MORANO. I have had messages from doctors indicating that they wanted to be excluded from the program.

Mr. HALLECK. Of course, we have had messages from both sides. May I conclude by saying, with particular reference to my colleagues on my side of the aisle, that in 1950 Republican Members of the House and Senate drafted a statement of principles and objectives. This was subsequently endorsed by the Republican National Committee and in essence it went into the 1952 platform. With respect to social responsibility we said this:

> The obligation of Government to those in need has long been recognized. Recognizing the inequities and injustices of the present program of social security, we urge:
>
> A. The extension of the coverage of the Federal old-age and survivors insurance program, reduction of eligibility requirements, and increase of benefits to a more generous level, with due regard to the tax burden on those who labor.
>
> B. A thoroughgoing study of the program of more nearly universal coverage, including the principle of pay as you go.

This measure that is before us represents a compliance, a fulfillment of that promise that we made.

I say that the motion for the previous question should not be voted down, and that we should go on to the adoption of the rule and the adoption of the bill.

The SPEAKER. All time has expired.

Mr. ELLSWORTH. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. SMITH of Virginia) there were—ayes 112, noes 30.

Mr. ABERNETHY. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 270, nays 76, answered "present" 1, not voting 87, as follows:

[Roll No. 77]

YEAS—270

Adair	Fallon	Marshall
Addonizio	Feighan	Meader
Allen, Calif.	Fenton	Merrill
Andresen, H. Carl	Fine	Merrow
Andresen, August H.	Fino	Metcalf
Angell	Fogarty	Miller, Kans.
Arends	Forand	Miller, Md.
Auchincloss	Ford	Miller, Nebr.
Ayres	Frelinghuysen	Miller, N. Y.
Bailey	Friedel	Mills
Baker	Gamble	Mollohan
Barrett	Garmatz	Morano
Bates	Gary	Morgan
Beamer	George	Moss
Becker	Golden	Moulder
Belcher	Goodwin	Multer
Bennett, Mich.	Gordon	Mumma
Bentley	Graham	Natcher
Bentsen	Granahan	Neal
Berry	Green	Nelson
Betts	Gregory	Nicholson
Bishop	Gross	Norblad
Boggs	Gwinn	Oakman
Bolling	Hagen, Calif.	O'Brien, Ill.
Bolton, Frances P.	Hagen, Minn.	O'Brien, Mich.
Bonin	Hale	O'Brien, N. Y.
Bosch	Halleck	O'Hara, Ill.
Bow	Hand	O'Konski
Bowler	Harden	O'Neill
Boykin	Harrison, Nebr.	Osmers
Bramblett	Hart	Ostertag
Bray	Harvey	Perkins
Brown, Ohio	Heller	Pfost
Broyhill	Herlong	Philbin
Buchanan	Heselton	Pillion
Budge	Hess	Poff
Burdick	Hill	Polk
Busbey	Hillelson	Price
Byrd	Hinshaw	Prouty
Byrne, Pa.	Hoffman, Mich.	Rabaut
Byrnes, Wis.	Holifield	Radwan
Campbell	Holmes	Rains
Canfield	Holtzman	Ray
Cannon	Hope	Rayburn
Carnahan	Horan	Reams
Carrigg	Hosmer	Reece, Tenn.
Cederberg	Howell	Reed, Ill.
Chenoweth	Hruska	Reed, N. Y.
Chiperfield	Hyde	Rees, Kans.
Chudoff	Javits	Rhodes, Pa.
Church	Jenkins	Roberts
Clardy	Jensen	Robsion, Ky.
Clevenger	Johnson, Wis.	Rodino
Cole, Mo.	Jones, Ala.	Rogers, Mass.
Cole, N. Y.	Judd	Sadlak
Coon	Karsten, Mo.	St. George
Cooper	Kean	Saylor
Coudert	Kearney	Scherer
Cretella	Kearns	Scott
Crosser	Kee	Scrivner
Crumpacker	Kelley, Pa.	Secrest
Cunningham	Kelly, N. Y.	Seely-Brown
Curtis, Mass.	Kilday	Shafer
Curtis, Nebr.	King, Calif.	Sheehan
Dague	King, Pa.	Shelley
Davis, Wis.	Kirwan	Sieminski
Dawson, Utah	Klein	Simpson, Ill.
Deane	Knox	Small
Delaney	Laird	Smith, Kans.
Derounian	Lane	Spence
Devereux	LeCompte	Springer
D'Ewart	Lesinski	Stauffer
Dollinger	Lovre	Stringfellow
Dondero	McConnell	Sullivan
Donovan	McCormack	Taber
Dorn, N. Y.	McCulloch	Talle
Eberharter	McDonough	Taylor
Edmondson	McGregor	Thomas
Ellsworth	McIntire	Thompson, Mich.
Evins	McVey	Tollefson
Fascell	Mack, Ill.	Trimble
Feighan	Mack, Wash.	Van Pelt
	Madden	Van Zandt
	Magnuson	Vinson
	Mailliard	Vorys
	Wharton	Wilson, Ind.
	Vursell	Wickersham
	Withrow	
	Wainwright	Widnall
	Wolcott	
	Walter	Wier
	Wolverton	
	Wampler	Wigglesworth
	Young	
	Warburton	Williams, N. J.
	Zablocki	
	Westland	Williams, N. Y.

NAYS—76

Abbitt	Gathings	Pelly
Abernethy	Gentry	Poage
Albert	Grant	Priest
Alexander	Haley	Regan
Andrews	Hardy	Robeson, Va.
Aspinall	Harrison, Va.	Rogers, Fla.
Battle	Ikard	Rogers, Tex.
Bennett, Fla.	Jarman	Schenck
Brooks, La.	Jonas, N. C.	Selden
Brooks, Tex.	Jones, N. C.	Shuford
Brown, Ga.	Keating	Smith, Miss.
Burleson	Keogh	Smith, Va.
Chatham	Landrum	Steed
Colmer	Lanham	Teague
Curtis, Mo.	Lantaff	Thompson, La.
Davis, Ga.	Long	Thornberry
Davis, Tenn.	Lucas	Tuck
Dempsey	McCarthy	Watts
Dies	McMillan	Wheeler
Dorn, S. C.	Mahon	Whitten
Dowdy	Matthews	Williams, Miss.
Fernandez	Murray	Willis
Fisher	Norrell	Winstead
Forrester	Passman	Yates
Fountain	Patman	
Frazier	Patten	

ANSWERED "PRESENT"—1

Lyle

NOT VOTING—87

Allen, Ill.	Gubser	Patterson
Ashmore	Harris	Phillips
Barden	Harrison, Wyo.	Pilcher
Bender	Hays, Ark.	Powell
Blatnik	Hays, Ohio	Preston
Boland	Hébert	Rhodes, Ariz.
Bonner	Hiestand	Richards
Brownson	Hillings	Riehlman
Buckley	Hoeven	Riley
Bush	Hoffman, Ill.	Rivers
Camp	Holt	Rogers, Colo.
Carlyle	Hunter	Rooney
Celler	Jackson	Roosevelt
Chelf	James	Scudder
Condon	Johnson, Calif.	Sheppard
Cooley	Jonas, Ill.	Short
Corbett	Jones, Mo.	Sikes
Cotton	Kersten, Wis.	Simpson, Pa.
Dawson, Ill.	Kilburn	Smith, Wis.
Dingell	Kluczynski	Staggers
Dodd	Krueger	Sutton
Dolliver	Latham	Thompson, Tex.
Donohue	Lipscomb	Utt
Doyle	Machrowicz	Velde
Durham	Martin, Iowa	Weichel
Elliott	Mason	Wilson, Calif.
Engle	Miller, Calif.	Wilson, Tex.
Fulton	Morrison	Yorty
Gavin	O'Hara, Minn.	Younger

So the previous question was ordered.

The Clerk announced the following pairs:

On this vote:

Mr. Wilson of California for, with Mr. Utt against.

Mr. Engle for, with Mr. Mason against.

Mr. Roosevelt for, with Mr. Wilson of Texas against.

Mr. Celler for, with Mr. Sikes against.

Mr. Allen of Illinois for, with Mr. Lyle against.

Mr. Rivers for, with Mr. Hébert against.

Mr. Simpson of Pennsylvania for, with Mr. Rhodes of Arizona against.

Mr. Rooney for, with Mr. Pilcher against.

Mr. Hays of Arkansas for, with Mr. Ashmore against.

Until further notice:

Mr. Brownson with Mr. Morrison.

Mr. Bender with Mr. Miller of California.

Mr. Hoeven with Mr. Yorty.

Mr. Corbett with Mr. Dingell.

Mr. Bush with Mr. Dodd.

Mr. Hunter with Mr. Bonner.

Mr. Jackson with Mr. Camp.

Mr. Holt with Mr. Preston.

Mr. Hillings with Mr. Powell.

Mr. Hiestand with Mr. Doyle.

Mr. Younger with Mr. Buckley.

Mr. Velde with Mr. Kluczynski.

Mr. Short with Mr. Machrowicz.

Mr. Scudder with Mr. Hays of Ohio.

Mr. Jonas of Illinois with Mr. Boland.

Mr. Fulton with Mr. Donohue.

Mr. Gavin with Mr. Elliott.

Mr. Gubser with Mr. Riley.

Mr. Patterson with Mr. Sheppard.

Mr. Phillips with Mr. Staggers.

Mr. Riehlman with Mr. Sutton.

Mr. Lipscomb with Mr. Thompson of Texas.

Mr. Smith of Wisconsin with Mr. Jones of Missouri.

Mr. Hoffman of Illinois with Mr. Blatnik.

Mr. James with Mr. Barden.

Mr. Johnson with Mr. Carlyle.

Mr. O'Hara of Minnesota with Mr. Chelf.

Mr. Martin of Iowa with Mr. Condon.

Mr. Dolliver with Mr. Richards.

Mr. Harrison of Wyoming with Mr. Dawson of Illinois.

Mr. Latham with Mr. Durham.

Mr. Krueger with Mr. Cooley.

Mr. Kilburn with Mr. Harris.

Mr. WILLIS, Mr. DORN of South Carolina, and Mr. BROOKS of Texas changed their vote from "aye" to "nay."

Mr. LYLE. Mr. Speaker, I have a live pair with the gentleman from Illinois, Mr. ALLEN. If he were present, he would have voted "aye." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on H. R. 9366.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9366, with Mr. JENSEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The Chair recognizes the gentleman from New York.

Mr. REED of New York. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, today the Members of the House will debate and, I believe, favorably act on H. R. 9366, the social-security amendments of 1954. With the convening of the 83d Congress and the new Republican administration assuming office in January 1953, many basic studies were undertaken with respect to

programs which had been enacted into law over the years. One of these studies and reappraisals related to our social-security program, a program which had come into being under the aegis and guidance of a distinguished former Member of the House of Representatives whom we all respect and love. I refer, of course, to the Honorable Robert L. Doughton, an outstanding statesman and legislator who is now enjoying the retirement which he so fully deserves in his beautiful State of North Carolina.

Since this social-security program was first adopted by Congress in 1935 there have been five major amendatory acts approved by the Congress. These acts were intended to strengthen and improve the social-security program as experience demonstrated the feasibility of such improvements. Some of this legislation I have agreed with; others, for varying reasons which I stated at the time they were under consideration, I have opposed.

The consultants on social security, appointed as an advisory group by the distinguished and gracious Secretary of Health, Education, and Welfare, the Honorable Oveta Culp Hobby, undertook a comprehensive reexamination of our social-security laws. This consultant group submitted a report to the Secretary setting forth recommended changes and improvements in the existing law. These recommendations were embodied in the President's message on social security urging the Congress to adopt legislation accomplishing the principles set forth in the message. As chairman of the Ways and Means Committee, I introduced such legislation which was designated as H. R. 6812. Further departmental study pointed up the need for changes in the pending legislation with the result that H. R. 7199 was introduced to supersede the previous bill.

The Committee on Ways and Means undertook extensive public hearings on H. R. 7199, extending from April 1 to April 15. Upon the completion of these public hearings the committee spent several weeks in executive session developing suitable legislation to be presented to the House for debate and vote. This legislation, H. R. 9366, was reported by the committee on May 28, 1954, and is before us today.

Copies of the bill and report were distributed to each Member of the House of Representatives Saturday so that you would have the opportunity to familiarize yourself with the principal provisions of this important legislation.

Very briefly stated, H. R. 9366 would extend old-age and survivors insurance coverage to approximately 10 million persons who work during the course of a year in jobs now excluded from the program. Prudent and appropriate benefits increases are provided in the bill for the more than 6 million persons who are now on the benefit rolls and for the current workers who will retire in the future. The earnings limitation on beneficiaries under age 75—the so-called work clause—has been liberalized to permit our aged citizens to be more productive and to retain at the same time the principle of the old-age and survivors insurance program as providing primarily retirement benefits. Provision is made for the dropout of periods of up to 5 years of lowest earnings in computing an individual's average monthly wage. The benefit rights and insured status of disabled individuals are preserved by means of a disability freeze provision. Federal payments to States for old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled will, for an additional year, be maintained under the matching formulas contained in the present law.

I would now like to address myself to developing in slightly greater detail the amendments contained in this legislation. I will do this by reference to major subject matter.

First. Extension of old-age and survivors insurance coverage:

Under the Social Security Act as originally enacted, about 6 out of 10 paid civilian jobs were included under coverage. Through subsequent amendments to the act coverage was further extended so that under present law about 8 out of 10 paid civilian jobs are included. About 62 million people now work in covered employment or covered self-employment during the course of the year. H. R. 9366 will extend coverage to about 10 million additional persons.

Through this extension of coverage we will establish a minimum floor of protection to assure continued self-sufficiency for our aged and their dependents, and for the dependent survivors of deceased workers. We will find through this development of nearly universal coverage fewer of our citizens compelled to rely on old-age assistance for their means of subsistence in retirement. By the end of 1953, 19 percent of our senior citizens were receiving old-age assistance compared with 34 percent receiving old-age and survivors insurance benefits, with an additional 13 percent eligible for such insurance benefits but not receiving them because they had not retired. The expanded coverage provided by H. R. 9366 will result in approximately 75 percent of all persons over 65 being eligible for insurance benefits by 1960 as compared to 47 percent at the present time. The particular groups which will have coverage extended to them by this bill include:

First. Professional self-employed persons, other than physicians, whose net earnings from professional self-employment total $400 or more in a year. Those professional self-employed groups who would be brought under the system are the professions now specifically excluded, such as lawyers, dentists, architects, and other self-employed groups enumerated in section 211 (c) (5) of the Social Security Act, as amended. It is estimated that approximately 400,000 persons will be brought under coverage as a result of this amendment.

Second. Self-employed farm operators whose net earnings from farm self-employment total $400 or more in a year. Under existing law net earnings from self-employment from any trade or business are excluded for purposes of determining old-age and survivors insurance coverage if such trade or business carried on by employees would constitute agricultural labor. H. R. 9366 repeals this exclusion with special provisions, together with the regular procedures now in effect, prescribing the method of determining covered farm self-employment earnings.

Under the special provisions, a self-employed farm operator who reports his income on a cash basis and who has a gross income not exceeding $1,800 a year could report for credit toward old-age and survivors insurance benefits either his actual net earnings from farm self-employment or 50 percent of such gross income. A farm operator whose gross income from self-employment is more than $1,800 could compute his actual net earnings or, if these net earnings were less than $900, he could, if he so elected, report $900. Otherwise, he would report his actual net income. If net earnings from self-employment, either actual or presumed, do not amount to as much as $400 in a given year, he pays no self-employment tax on such income and receives no credit toward benefits.

With this new reporting provision for farm operators we have developed a practical method for self-employed farmers to participate in the old-age and survivors insurance program. Rentals recevied in the form of crop shares like other rentals from real estate would be excluded from gross income for social-security purposes.

Third. Farm workers: Present law contains "the regularity of service" factor in determining whether or not a farm worker is eligible for old-age and survivors credit. The employment test under existing law requires a farm worker to have worked for the employer continuously throughout an entire preceding calendar quarter. He is then regularly employed in each succeeding quarter if he does full-time agricultural work for one employer on as many as 60 days in that quarter and earns at least $50 in cash wages. The new coverage provisions affecting farm workers would require an employee to receive cash wages from one employer of at least $200 per year. Thus the bill elminates the present "regularly employed" test as a requirement for the coverage of agricultural labor. Under present law because of the restrictive and complicated criteria for determining coverage eligibility only 700,000 workers are receiving old-age and survivors insurance credits in farm work. The liberalized test would extend coverage to about 1.3 million farm workers.

Fourth. State and local employees: Public employees of a State or local government who participate in a governmental retirement program are, with a few exceptions, presently excluded from old-age and survivors insurance coverage. H. R. 9366 will extend a coverage option to these groups, other than policemen and firemen, provided, first, the State consents to such coverage; and second, the employees affected vote in favor of coming under the old-age and survivors insurance system in a secret written referendum. The referendum of the public employees would require that a majority of the eligible members

of the system participate in the voting and that two-thirds of those voting favor coverage. The safeguards of requiring a vote of the majority of the eligible voters, with the further requirement that at least two-thirds of those voting must favor coverage were designed to assure a referendum that is representative of the wishes of the ertirement system membership without making the qualifying conditions so restrictive as to make coverage impossible whenever an indifferent minority fails to vote. Through the extension of this coverage option we have permitted the affected State and local employees to express their own wishes as to whether or not they will participate in the old-age and survivors insurance program.

In my opinion, the employees of many States which already have in existence outstanding retirement programs will vote to oppose such participation. The employees of other States having less adequate retirement benefits from the State program will favor coverage. In approving this provision Congress in its wisdom will have legislated on a national level to make the coverage opportunity available on an elective group basis.

There is a provision in H. R. 9366 which states that it is the sense of Congress, in making coverage available to State and local retirement system members, that no rights nor entitlements under existing retirement systems will be impaired or reduced. This extension of old-age and survivors insurance coverage is intended to be optional additional protection and not an incentive to do away with State or local retirement systems.

An important provision affecting State and local employees deals with those public workers who are working in positions covered by a retirement system but who were in fact ineligible because of age or some other factor to participate in the retirement program. The bill provides for covering these employees other than policemen and firemen without a referendum. State consent to such coverage for these employees will still be required.

The bill also provides for covering without a referendum at any time prior to January 1, 1958, State or local employees who could not be included when their group was covered because they were then under a retirement system but later this system was dissolved by action taken prior to the enactment of this bill.

About 3½ million State and local employees are in positions covered by State and local retirement systems in the course of a year. There is no way to estimate at this time the proportion of that total number that may elect to avail itself of this coverage opportunity.

Fifth. Certain Federal employees: H. R. 9366 would extend coverage to all Federal employees who are not covered by a Federal retirement system with certain limited exceptions. In addition, employees of the Federal Home Loan Bank and employees of the Tennessee Valley Authority, both of which agencies already have retirement systems, would also be included in the program. Approximately 150,000 employees would receive coverage under this provision.

Sixth. Ministers and members of religious orders: The bill provides for the coverage of employed ministers and members of religious orders who have not taken a vow of poverty, under provisions similar to those affecting lay employees of nonprofit organizations. For the purposes of the law, ministerial employees and lay employees would be separate coverage groups, but ministerial employees of an organization could not be covered unless the lay employees were also covered.

Coverage would have to be preceded by the filing of a certificate by the employing organization indicating a willingness on the part of the organization for such coverage and at least two-thirds of its ministerial employees would have to certify their desire for coverage. Only those employees desiring coverage would be covered initially. Any minister or member of a religious order who is employed by the organization after coverage is initially undertaken would be covered automatically.

Self-employed ministers are covered on the same basis as other self-employed persons now covered under the present law. Self-employment income received by ministers would be reported on the same basis as income of any other self-employed individual if the income amounted to as much as $400 in a year. It is expected that approximately 250,000 ministers and members of religious orders will be affected by this provision.

Seventh. Domestic workers in private homes and others who perform work not in the course of the employer's business: Under present law coverage is granted to such categories of workers only if they are paid $50 in cash wages by an employer in a calendar quarter and they work 24 days or more in that quarter. As was done in the case of the previously mentioned farm workers, the regularity-of-service factor has been deleted as a coverage criteria for this category of employee.

H. R. 9366 will cover all domestic workers who work in nonfarm private homes and persons performing other types of service not in the course of the employer's trade or business who are paid $50 in cash wages by one employer in a calendar quarter. This simplified test of coverage will make approximately 250,000 additional workers eligible for old-age and survivors insurance coverage. The common law test in determining the existence of an employer-employee relationship would continue to govern whether a worker is serving as an employee or is a self-employed person.

Eighth. Home workers: Since 1937 old-age and survivors insurance coverage has been extended to homeworkers under the usual common law rules applicable in determining the existence of an employer-employee relationship. The 1950 amendments extended coverage to employees who did not have employee status under the usual common law rules if they worked according to statutory specifications and if their employers were subject to State licensing laws. There are at the present time approximately 16 States having licensing requirements for employers of home workers. This meant that home workers in those States having licensing laws were included under the old-age and survivors insurance program as employees, whereas workers doing similar work under substantially identical circumstances in the other States were excluded as employees.

H. R. 9366 eliminates the requirement of State licensing and extends coverage to all home workers as employees if they work according to specifications for the person for whom the work is done, on material and goods furnished by that person and are required to return the material or goods to him or his designee, provided they are paid cash wages of $50 or more during a calendar quarter by the employer. Thus, affected home workers are given coverage irrespective of the States in which they are located. It is expected that this provision will extend coverage to about 100,000 additional home workers.

Tenth. Employees engaged in fishing and related activities: Present law excludes from old-age and survivors insurance coverage, service performed by employees in fishing and similar activities unless the employment is performed in connection with commercial salmon or halibut fishing or on a vessel of more than 10 net tons. H. R. 9366 would cover employed fishermen, clam diggers, and so forth, who are now excluded. It is expected that about 50,000 additional workers will be covered in the course of a year under this provision.

Eleventh. United States citizens employed outside of the United States by foreign subsidiaries of American companies: There are approximately 100,000 United States citizens who are employed outside the United States by foreign subsidiaries of parent American companies who will be eligible for coverage under this provision. H. R. 9366 will make coverage available to these American citizens at the option of the parent American company involved. The election on the part of the American employer is necessary because the United States cannot impose the employer's tax on the foreign subsidiary employer nor can it tax the parent organization because the worker is not technically an employee of the American company.

Under present law American citizens working for American employers in foreign countries are covered whereas those citizens working for a foreign subsidiary are excluded from coverage. This has resulted in an unwillingness on the part of certain employees to go abroad to work for foreign subsidiaries of American corporations. This amendment will eliminate the barrier to such overseas employment existing in present law.

Thirteenth. United States citizens employed by American employers on vessels and aircrafts of foreign registry: The Social Security Act amendments of 1950 extended old-age and survivors insurance coverage to all United States citizens working outside the United States for American employers, with the

exception of American citizens employed by American employers on vessels and aircraft for foreign registry. The bill would correct this oversight by covering this small group of American citizens on the same basis as other American citizens working outside the United States for American employers.

The foregoing enumeration highlights the coverage changes which would be made in present law by H. R. 9366.

Because of these new coverage opportunities approximately 10 million American workers, their dependents and their survivors will receive the opportunity for the protection afforded under the old-age and survivors insurance program. With the enactment of this legislation we will have achieved substantially universal OASI coverage. As the system matures, we will have increasing numbers of retired workers receiving the retirement benefits to which they have contributed during their productive years.

II. CREDITABLE EARNINGS

Under present law the maximum amount of covered earnings considered for both tax and benefit purposes is $3,600 a year. H. R. 9366 would raise this amount to $4,200, effective January 1, 1955. The principal reason for this proposed increase is to maintain the concept that old-age and survivors insurance benefits should, within limits, reflect the worker's previous earnings. Over three-fifths of the male workers regularly covered under the program now earn more than the $3,600 wage base. Average annual full-time earnings in manufacturing industries in 1953 were about $4,000. The average for the mining industry was about $4,400, and for transportation was almost $4,400. By increasing the wage base to $4,200 we have approximately restored the same relationship between general earnings levels and the maximum wage base that existed in 1951.

III. AVERAGE MONTHLY WAGE

Under the bill, as under present law, an insured worker's average monthly wage determines his benefit amount. However, under present law, this average monthly wage is frequently reduced by periods of little or no earnings. This has resulted in benefit amounts often being substantially reduced below the level they would have been if the worker had been fully productive during the entire period of his coverage. The social-security amendments of 1954 contain a provision which allows for the dropout of up to 5 years of lowest earnings in computing the average monthly wage. In general, every individual who first qualified for benefits after the effective date, or who had at least 6 quarters of coverage after June 1953, or who qualified for a certain type of benefit recomputation after the effective date, could eliminate up to 4 years of lowest earnings from the computation of average monthly wage. If the worker had at least 20 quarters of coverage, he could eliminate an additional low year. This dropout of years of low earnings will be available to those workers covered in the past and those coming under coverage for the first time. The dropout provision eliminates the need for a new start for those who will be covered effective January 1, 1955. Through the 4-year dropout provision such newly covered persons will have their benefits based entirely on their covered earnings after 1954 and after accumulating 5 years of coverage they will be eligible for an additional 1-year dropout.

IV. INCREASE IN OASI BENEFITS

Covered workers will have their benefits increased by the drop-out provisions which I previously referred to and by the disability waiver of premium provisions which I will describe in subsequent paragraphs. In addition, H. R. 9366 contains adjustments in the conversion table and a new benefit formula related to the $4,200 wage base which will result in substantial increases in benefit levels. A benefit level thus established will represent a more realistic floor of protection for our aged citizens and survivors of deceased workers.

Benefit payments are increased for beneficiaries presently on the rolls as well as for workers who will retire in the future. For present beneficiaries the monthly benefit range will be increased from its present level of a minimum $25 and maximum $85 to a new minimum of $30 and a maximum of $98.50. For those coming on the rolls in the future the range of benefit payments will be from $30 to $108.50.

The present benefit formula takes into account 55 percent of the first $100 of average monthly wage and 15 percent of the next $200 of average monthly wage. The new benefit formula contained in H. R. 9366 will be based on 55 percent of the first $110 of average monthly wage and 20 percent of the next $240 of average monthly wage. Under the revised formula, benefits for an individual with average earnings of $350 a month will represent only 31 percent of his earnings before any increase for eligible dependents, as compared with 55 percent of earnings for workers in the very lowest group.

An individual who retires in the future who would have a higher monthly benefit under the conversion table than he would receive under the new benefit formula may have his benefit computed by the former method.

The 6.3 million present beneficiaries under the system will receive increases in benefits. These benefit increases are effected through the new conversion table provided in the bill. The minimum increase for retired workers will be $5, with a maximum increase of $13.50 and with corresponding proportionate increases for their dependents and for survivor beneficiaries. The maximum benefit of $98.50 for a retired worker available under the conversion table will be identical with the benefits for an average monthly wage of $300 when computed under the new benefit formula.

Dependents' and survivors' monthly benefits will be increased automatically consistent with the increases of primary insurance amounts. The maximum family benefit will be increased from its present level of $168.75 to $200 a month. Provision is also made in the bill that the maximum benefit limitation of 80 percent of average monthly wage will not have application when it will reduce family benefits below 1½ times the primary insurance amount so that a husband and wife or widow and child may receive full benefits. Finally, the bill provides that the minimum amount payable, where only one survivor beneficiary is drawing benefits on an insured individual's record, shall be $30 a month thus making it the same as the minimum primary insurance benefit. Lump-sum death payments will continue to be computed at 3 times the primary insurance amount with a maximum of $255 just as in present law.

V. IMPROVEMENT IN THE RETIREMENT TEST

Under present law the so-called work-clause provision allows earnings in covered employment up to $75 per month and earnings in covered self-employment up to $900 per annum without loss of benefits. Under present law it is possible to earn both the maximum in covered employment and the maximum in covered self-employment without any reductions in benefit payments. H. R. 9366 permits total earnings of up to $1,000 per year in covered and noncovered employment and self-employment without loss of benefits.

A worker will lose 1 month's benefit for each $80, or fraction thereof, in excess of $1,000 regardless of whether it is earned in covered or noncovered employment. In no case would a worker lose benefits for months in which he neither earned more than $80 in wages nor rendered substantial services in self-employment. Beneficiaries residing in foreign countries will have their benefits suspended for any month in which they work on 7 or more days.

Under this new work clause test retired persons will have greater latitude in supplementing their benefit payments with part-time or intermittent regular work and will find that they are permitted to become more productive citizens. The combination of wage and self-employment earnings for retirement test purposes will eliminate the present discriminatory dual exemption.

Under the new test, wage earners will not lose a benefit each month they earn above a specified amount but will be able to take intermittent full-time work or more regular part-time work than at present without the loss of benefits or with the loss of only a few months' benefits, depending on what they earn. For example, a beneficiary could work throughout the year at $90 a month and lose only 1 month's benefit, whereas under present law he would lose all 12. As another example, a beneficiary could earn $300 a month for 3 months—such as at Christmas—without losing any benefits, whereas under present law he would lose 3 months' benefits.

VI. INSURED STATUS

H. R. 9366 provides an alternative method of determining fully insured status for an individual at the time of his death or attainment of age 65, whichever occurs sooner. If all the quarters elapsing after 1954 and up to that time are quarters of coverage, he is so insured, with the minimum requirement

that at least 6 quarters after 1954 are quarters of coverage. In this way the bill succeeds in avoiding the requirement of a "new start" provision. We have avoided the "new start" provision because a succession of such new starts weakens the principle that benefits should be payable only on the basis of a substantial degree of covered employment.

VII. PRESERVATION OF BENEFIT RIGHTS FOR DISABLED

Provision is made in H. R. 9366 for the preservation of insured status and benefit entitlement for workers sustaining total disability which can be expected to be of long-continued and indefinite duration. Under present law periods of disability can operate to reduce a covered individual's average monthly wage and under certain circumstances can result in the workers having an insufficient number of quarters of covered employment or self-employment to be eligible for any benefits whatsoever. Such a disadvantage resulting from a period of extended total disability would be removed by the provisions in the bill which would prevent such periods of disability from reducing or denying retirement and survivor benefits.

The definition of disability for "waiver of premium" purposes applies only to those individuals who are totally disabled by illness, injury or other physical or mental impairment which can be expected to be of long-continued and indefinite duration. The impairment must be medically determinable and preclude the individual from performing any substantially gainful work. The individual would also be disabled, by definition, if he is blind within the meaning of that term as used in the bill. The person who does not meet the statutory definition, but nevertheless has a severe visual impairment would be in the same position as all other disabled persons.

A period of disability is defined as being a continuous period of not less than 6 full calendar months during which an individual is under a disability. An individual to take advantage of the disability freeze must at that time have not less than 6 quarters of coverage out of the preceding 13 quarters and have not less than 20 quarters of coverage in the preceding 10 years.

The earliest date on which a disability freeze application can be filed is January 1, 1955. A person will file an application for a disability freeze at the local office of the Department of Health, Education, and Welfare. He will be referred to the State agency responsible for making the disability determination. There will be two aspects in the disability evaluation. First, there must be a medically determinable impairment which is expected to be of long-continued and indefinite duration or to result in death. And, secondly, there must be a present inability to engage in substantially gainful work by reason of this impairment.

Following such a disability determination, the worker would have his old-age and survivors insurance rights protected and he would also be referred to the State vocational rehabilitation agency for rehabilitation.

I particularly approve of the provision of the bill calling for such reference to vocational rehabilitation. The disabled person will be promptly referred to such an agency to the end that the maximum number of disabled persons may be returned to productive activity.

Congress is presently considering an administration recommendation for the expansion of vocational rehabilitation services. I view with confidence the likelihood that we will find an increasing number of disabled American citizens returned to useful productive lives.

The disability freeze provision in the bill contains new safeguards which have been added to the proposal since it first came before the House in 1952. In my opinion, these safeguards eliminate many of the objections which have been made in the past to previous proposals. Determinations of disability will in large part be made by State agencies administering plans approved under the Vocational Rehabilitation Act. This will encourage rehabilitation contacts by disabled persons.

VIII. PAYMENT OF BENEFITS TO PERSONS RESIDING ABROAD

Under present law, old-age and survivors' insurance benefits may be paid to an insured worker, his dependents and survivors regardless of their country of residence, except for certain payments to those persons residing behind the Iron Curtain. Administrative difficulties have been encountered with respect to determining compliance with eligibility requirements such as the "work clause" provision, continuing dependency status, and so forth. This administrative difficulty is particularly prevalent in regard to payments made to dependents and survivors of insured workers. In many cases such dependents and survivors have never lived in the United States and they have had little or no personal contact with the insured worker.

Under the bill, the insured worker will continue to be eligible for benefits regardless of his place of residence. The bill does contain a provision, however, restricting the payment of dependents' and survivors benefits outside the United States.

Hereafter, persons becoming eligible for such secondary benefits will have to show a fairly substantial period of recent residence in the United States to be eligible for OASI payments. Such limitations will not apply in cases in which the insured person was currently insured on the basis of wage credits for services in the Armed Forces or on the basis of his earnings as an American citizen working abroad for an American employer or for a foreign subsidiary of an American company. The residence in the United States requirement would necessitate that a secondary beneficiary be a resident of the United States for 3 out of the 5 years just preceding eligibility for benefits with a slightly different test for a child under 3 years of age. This limitation would not be applicable to persons already on the benefit rolls.

IX. MISCELLANEOUS PROVISIONS

Persons who are illegally present in the United States, or who are under notice of deportation because of illegal entry, conviction of a crime, or subversive activity will not be eligible for benefits.

H. R. 9366 also contains new provisions for recomputation of benefit entitlement for persons who continue to work after reaching age 65. Under the proposed changes an individual may qualify for a benefit recomputation if he has been credited with covered earnings of $1,000 or more in a completed calendar year after 1953, provided 1 year has elapsed since the individual's benefit was last computed or recomputed.

X. ACTUARIAL ASPECTS

The Committee on Ways and Means in presenting this legislation to the House has carefully considered the actuarial aspects of the bill. The committee has continued in effect the tax schedule contained in present law for periods up through December 31, 1969. The scheduled rates on employer and employee in 1970 will be raised from 3¼ to 3½ percent and in 1975, and thereafter the rate will be increased to 4 percent, with corresponding changes for the self-employed.

The dollar amount of increased cost in 1955 in the bill over the present act is about $600 million. The committee report beginning on page 26 presents the actuarial status of the social-security program as amended by H. R. 9366. I bring this information to your attention and will not dwell on it in my remarks. It is significant to note that according to the intermediate estimate benefit payments plus administrative expenses are expected to be financed from contributions plus interest on the old-age and survivors insurance trust fund for at least the next 50 years. At that time the old-age and survivors insurance trust fund is expected to amount to over $100 billion.

The concept of actuarial soundness as applied to the OASI program differs to a considerable extent from this concept as applied to private insurance, although there are certain points of similarity, especially in connection with private pension plans. The most important difference arises because the OASI system can be assumed to be perpetual in nature, with a continuing flow of new entrants resulting from the compulsory nature of the program.

Accordingly, it may be said that the OASI system is actuarially sound if it is in actuarial balance, or, in other words, if the future contribution income plus the future interest receipts from the trust fund—including the existing amount at the present time—will exactly support the outgo for benefits and administrative expenses over the long-distant future. Quite obviously, future experience may be expected to differ from any actuarial assumptions made now but the intent of an actuarially sound, or self-supporting, system can be expressed in law if a contribution is developed so that according to an intermediate estimate the system is quite close to being in balance.

For a given cost estimate of future disbursements there could conceivably be developed a contribution schedule which would show exact balance. To do so,

however, would require either fractional tax rates of odd amounts or increases in contribution rates at years which have no special significance. Any such procedure as this would however be highly artificial because it cannot be expected that long-range actuarial cost estimates can be completely precise.

Therefore, in actual practice it may be said that the program is in actuarial balance when the ultimate tax rate is quite close to that fractional one which would show exact self-support. The ultimate tax rate in both the 1950 and 1952 acts was fractionally short of what might be termed "the self-supporting ultimate rate." Furthermore, if the ultimate employer-employee rate had been increased by one-half percent, which is presumably the smallest practical increase, the system would have been "shown" as more than self-supporting. For practical reasons the Congress then decided that the rounded rate slightly below the self-supporting rate, rather than the one slightly above, was desirable. This procedure has been followed by the Committee on Ways and Means in connection with H. R. 9366. The system as amended under the bill is as nearly in actuarial balance as is practicable.

XI. PUBLIC ASSISTANCE AMENDMENTS

H. R. 9366 also makes certain amendments to the public assistance titles of the Social Security act. The bill extends to September 30, 1955, the matching formula for old-age assistance, aid to the blind, and aid to the totally and permanently disabled enacted in the Social Security act amendments of 1952. This matching formula provides for the Federal Government to reimburse the States for four-fifths of the first $25 and one-half of the next $30 of monthly assistance payments made by a State to a person falling in one of the above categories. The present aid to dependent children matching formula is also continued for 1 year to September 30, 1955.

It is estimated that the cost of continuing such increased Federal payments will be $210 million for the 12-month period. The bill also extends for 2 years, to June 30, 1957, the provision of the Social Security Act which waives the needs test requirement for certain State plans for aid to the bilnd.

This completes my enumeration of the highlights of the Social Security Act Amendments of 1954. The presentation of this legislation to the House of Representatives represents a significant example of the legislative branch of the Federal Government working in close cooperation with the executive branch to prepare legislation promoting the welfare of our American citizens. It is appropriate at this time that the Members of the House of Representative will have an opportunity to cast their votes on the Social Security Amendments of 1954, H. R. 9366.

Mr. COOPER. Mr. Chairman, I yield myself 34 minutes.

(Mr. COOPER asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, it is with pleasure that I join the chairman of the Committee on Ways and Means in paying a very deserved tribute to our former distinguished chairman, the gentleman from North Carolina, Hon. Robert L. Doughton. Mr. Doughton was the author of the original Social Security Act and took great pride in the program that has developed from the enactment of that legislation. Certainly the people of this country who are beneficiaries of this great program owe a lasting debt of gratitude to this distinguished statesman who served here with such great distinction for some 42 years. He served as chairman of the Committee on Ways and Means longer than any other man in the history of this country. So I think it is quite fitting and appropriate that today, when we are considering social-security legislation, we pause to pay a deserved tribute to Mr. Doughton.

Mr. Chairman, I support the pending bill. However, as is usually the case on major legislation such as this, there are a few provisions in the bill about which I have some misgivings. At the same time, the bill on the whole makes many constructive improvements in the social-security insurance system.

I am very pleased that the present administration fully endorses the basic principles of the system, and has recommended and supported the improvements proposed in the pending bill. I am also very pleased that the majority of my Republican colleagues on the committee are now endorsing and supporting improvements in the basic framework of the social-security insurance system. In the past, it will be recalled they have opposed many of the changes which the Democrats have attempted to make. I cannot resist pointing out that practically all of the improvements proposed in this bill have been proposed and supported by the Democrats over the years, and the record shows that the Republicans when they were in the minority opposed many of the improvements which they are now supporting. I am glad that they are now joining the Democrats in their support of these improvements.

SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BILL—EXTENSION OF COVERAGE

The bill would extend coverage to about 10 million additional persons during the course of a year. The largest group which would be included are self-employed farm operators who have net earnings from their farming operations of $400 or more in a year. In an effort to make the reporting and filing of social-security taxes easy for the farmers, the bill contains a special provision whereby a farm operator who has a gross income of not more than $1,800 in a year could report for social-security purposes either his actual net earnings or 50 percent of his gross income. By permitting a farm operator this option, he would be relieved of the necessity of keeping a record of his expenses, computing depreciation, and so on. A farm operator who has a gross income from his farm operations of more than $1,800 would report his actual net earnings for social-security purposes. If his net earnings should be less than $900, he would have the option of reporting $900 as his income for such purposes. Rentals based on crop shares would be excluded from a farmer's gross income for social-security purposes. Self-employed farmers would pay social-security taxes at the rate of 3 percent, as is true in the case of all other self-employed persons. The effective date for coverage of self-employed farmers is January 1, 1955, the same date which is generally applicable to the other newly covered groups. The number covered would be about 3.6 million.

The bill would also extend coverage to about 1.3 million additional farmworkers. At the present time, only 700,000 such workers are covered. Under present law, only regularly employed farmworkers who are paid at least $50 in a quarter are covered. A regularly employed farmworker is defined as being one who has worked continuously for 1 employer for a calendar quarter and who continues working for the same employer on a full-time basis on at least 60 days in the following quarter. The extension of coverage to additional farmworkers is brought about by providing that a farmworker who is paid at least $200 in cash wages by one employer in a year will be covered. The earnings of farmworkers would be reported on an annual basis. Two quarters of credit would be given where the farmworker's annual earnings amount to $200 but less than $300; 3 quarters of coverage where they amount to $300 but are less than $400; and 4 quarters of coverage where they amount to $400 or more.

The presently excluded professional self-employed persons would be covered with the exception of physicians. The newly covered group would be lawyers, dentists, architects, engineers, accountants, funeral directors, osteopaths, chiropractors, veterinarians, naturopaths, optometrists, ministers, and Christian Science practitioners. About 400,000 are involved in this group. As in the case of other self-employed persons, these groups would only be covered if they have net earnings from self-employment of $400 or more in a year.

Employees of State and local governments who have retirement systems of their own, other than policemen and firemen, could be covered under voluntary agreements entered into between the States and the Federal Government, provided that a written referendum is held, a majority of the members under a particular retirement system voted, and two-thirds of those voting voted in favor of social-security coverage. In addition to requiring that State and local employees who have retirement systems must vote in favor of social-security coverage before it can be given them, the bill states that it is the policy of the Congress in making coverage available to these employees that the protection provided them by their own retirement systems not be impaired. As you know, at the present time employees of State and local governments who do not have retirement systems can be given social-security coverage by a voluntary agreement be-

tween the State and the Federal Government. There are about 3½ million people in the new group to whom coverage would be made available.

About 250,000 additional domestic workers in private homes would be covered by the elimination of the present 24-day test and requiring coverage if such workers receive at least $50 in cash wages from one employer in a calendar quarter.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. O'NEILL. I received a letter in my mail this morning that I think is very interesting. It says:

I would like to bring to your attention and consideration an injustice which I feel now exists in relation to certain domestic workers.

This refers to persons employed in their own home by another member of their family.

At the present time if a member of a family because of illness of another member becomes an employee, rendering services in caring for the sick relative, under the supervision of the employer and doctor and is paid regular wages for such service, this is not considered as employment under the Social Security Act.

It is determined as "services not rendered as an employee, but as services rendered on a cooperative arrangement based on family ties."

After a thorough investigation is made and it is shown taht the services were actually performed, the social-security tax deducted and the wages reported on the employee's income-tax returns, social security is denied.

This determination is unfair and causes hardship to those who in good faith perform such service believing that their employment comes under the Social Security Act as applies to domestic workers.

I should like to know if that type of employee has been included in this category.

Mr. COOPER. As I understand the situation presented by the gentleman, there is no change made in that respect under the pending bill.

Mr. O'NEILL. I thank the gentleman.

Mr. COOPER. Ministers and members of religious orders—other than those who have taken a vow of poverty—could be given coverage on a voluntary basis in the same way lay employees may now be covered. In order to make this coverage available, the employing organization would have to file a certificate setting forth its desire for coverage of the minister and religious order employees, waiving its tax exemption for social-security tax purposes only, and stating that at least two-thirds of such individuals desire social-security coverage. About 250,000 are involved in this group. Those employees who do not sign the original certificate indicating a desire for coverage can be brought in later by filing a supplemental certificate. In the case of new ministers or members of a religious order who are employed by the particular organization after coverage has been elected, coverage would be automatic. As I have previously stated, self-employed ministers would be covered on the same basis as other self-employed persons provided they have net earnings of at least $400 in a year. In the case of fees and honorariums paid to employed ministers and members of religious orders, the particular employee would treat them as self-employment income for social-security tax purposes. The committee considered very carefully the suggestion of some of the church groups that ministers be allowed to participate in the social-security system as self-employed persons on an individual, voluntary basis. It was decided that voluntary coverage would lead to an adverse selection of risks and would impose an undue drain upon the trust fund. The bill provides that nothing in it shall be construed to mean that a minister is an employee of any organization for any purpose other than for social security.

Civilian employees of the Federal Government at the present time, generally speaking, are covered by social security if they are not covered by a Federal retirement system. The bill extends coverage to all Federal employees who are not now covered by retirement systems with the exception of the President, the Vice President, Members of Congress, employees in the legislative branch, and certain other small groups. The newly covered groups would include temporary field employees in the post-office service, census takers, and employees of Coast Guard post exchanges. In addition, two groups who have retirement systems would be covered. These are employees of district Federal home-loan banks and the Tennessee Valley Authority. It will be recalled that coverage has already been extended to employees of the Federal Reserve Board, who already have a retirement system. This group consists of about 150,000 employees.

United States citizens employed outside of the United States by foreign subsidiaries of American corporations, numbering about 100,000, would be covered on a voluntary basis, since the American corporation would have to agree to paying the social-security taxes. This is because the United States cannot impose the employer tax upon the foreign subsidiaries.

An additional 100,000 homeworkers would be covered as employees by removing the requirement in present law that they can only be covered in those States where they are subject to State licensing laws. These homeworkers, at the present time, are covered as self-employed persons if they have net earnings of $400 or more in a year. It is made clear in the report that the elimination of the licensing requirements is not intended to include homeworkers in a rural area who are not subject to any supervision or control by some one else, and who buy raw materials and make and complete articles and sell them to a person, even though the article is made according to the specifications and the requirements of the purchaser.

Employees in the fishing and related industries who are now excluded from coverage would be covered. About 50,000 would be affected.

American citizens employed by American employers on vessels and aircraft of foreign registry would be covered. Very few are involved.

WAGE BASE

The wage base on which contributions are paid and benefits are computed would be raised from $3,600 to $4,200. The effective date of this provision would be January 1, 1955.

INCREASE IN BENEFITS

Benefits would be increased for those persons now on the rolls. The primary benefit amount of retired workers would be increased from a minimum of $5 to a maximum of $13.50. This would be accomplished by increasing the minimum benefit from $25 to $30 and the maximum benefit from $85 to $98.50. This provision would become effective the last day of the month following the month in which the bill is enacted.

A new benefit formula would be provided for persons who retire or die in the future. At the present time, benefits are determined under a formula which is applied to 55 percent of the first $100 of average monthly wages, plus 15 percent of the next $200. The proposed formula would be 55 percent of the first $110, and 20 percent of the next $240. The minimum payable to a retired worker would be $30, and the maximum $108.50.

The maximum monthly family benefit would be raised from $168.75 to $200. The present limitation on total family benefits, to the effect that they cannot exceed 80 percent of the worker's average monthly wage, could not reduce total family benefits below 1½ times the insured worker's primary benefit amount or $50, whichever is greater.

Lump-sum death benefit payments would be limited to the present maximum of $255.

The minimum amount payable where only one survivor is entitled to benefits would be made $30. This would have the effect of increasing benefits of survivors where the worker's benefit is at or near the minimum, since survivors' benefits are a proportion of the primary benefit amount—for example, three-fourths in the case of a widow.

DETERMINING OF AVERAGE MONTHLY WAGE

Under present law, the elapsed months are used as a divisor in determining the average monthly wage of a worker in order to in turn determine his benefits by the application of the benefit formula. This means that period in which a worker is not employed due to sickness, and so forth, reduce his average monthly wage and, in turn, his benefits.

The bill provides that there will be dropped, in determining the average monthly wage of a worker, his 4 years of lowest earnings, or 4 years in which he has no earnings. In the case of those workers who have 5 years of coverage—20 quarters—an additional year would be dropped in determining his average monthly wage, making a total of 5 years.

Another thing which the 4-year drop-out accomplishes is to permit those persons who would be covered by social security for the first time to drop out the 4 years between January 1, 1951, and the effective date of the new coverage provisions, January 1, 1955. Otherwise, they would be penalized by a reduction in their average monthly wages.

LIMITATION ON THE EARNINGS OF BENEFICIARIES—THE WORK-CLAUSE PROVISION

At the present time, an employee loses his social-security insurance benefits if he earns $75 a month or more in covered employment. Self-employed persons are on an annual basis and will lose part or

all of their benefits if they earn more than $900 in a year. The test applies only in those cases where earnings are in covered employment.

The bill puts the test, in the case of employees, on an annual basis, and would permit an employee or a self-employed person to earn as much as $1,000 in a year without any loss in benefits. It provides that earnings from noncovered employment would also cause a loss of benefits if they go over the $1,000 amount.

A beneficiary would lose 1 month's benefits for each $80 or fraction thereof of earnings in excess of $1,000.

ELIGIBILITY FOR BENEFITS

In order to be eligible for benefits under present law, a person must have worked at least one-half of the time beginning January 1, 1951, in covered employment, up until his death or reaching the age 65, provided he has at least six quarters of coverage.

As an alternative to this requirement and to take care of the newly covered groups, the bill provides that a person would be fully insured if all of the quarters beginning January 1, 1955, and up until the quarter of death or reaching the age 65, are quarters of coverage, provided the worker has at least six quarters of coverage beginning January 1, 1955.

The bill also makes eligible for benefits aged widows, widowed mothers, dependent parents and children of any person who died prior to September 1, 1950, provided the person had at least six quarters of coverage.

It will be recalled that the 1950 amendments to the social-security laws provided for this change in the eligibility requirements for these benefits in cases of persons who died on or after September 1, 1950. As a matter of equity, the committee felt that benefits should be made available also in these particular cases where the individual died prior to September 1, 1950.

FREEZE OF PERIODS OF DISABILITY

At the present time, each and every month which passes is used as a divisor in determining social-security insurance benefits, whether or not a worker is gainfully employed and whether or not his reason for not being employed is due to disability.

This means that the least that will happen to a worker is a reduction in his benefits, and in some cases he may lose completely his eligibility for benefits, due to his being disabled.

The bill provides that periods of disability will be ignored in determining both the size of a worker's benefits and his eligibility for them. This would be done by a so-called freeze of his periods of disability. In order to be eligible for such a freeze, a worker must have 6 quarters of coverage in the 13-quarter period ending with his disability, and in addition, 20 quarters of coverage in the 40-quarter period ending with his disability. His disability must also last for 6 months or more.

This provision is applicable in the past as well as in the future, provided the worker meets the time requirements specified.

It will be recalled that a similar provision passed the House in 1949, and again in 1952. The gentleman from New Jersey [Mr. KEAN] was the author of the provision which passed the House in 1952.

PUBLIC ASSISTANCE

In 1952, a revised matching formula for public assistance payments was adopted. The effect of this revised matching formula was to provide an additional Federal contribution toward payments to the needy aged, blind, and permanently and totally disabled, of up to $5, and toward payments to dependent children of up to $3. This present schedule is to expire on September 30, 1954. The bill extends it through September 30, 1955.

SOCIAL-SECURITY TAX RATES

The present schedule of increases in the social security tax rates through 1969 are maintained. The rate on employers and employees is scheduled to increase to 2½ percent in 1960 and to 3 percent in 1965 on each. The present schedule for the rate on each in 1970 and thereafter is 3¼ percent. The bill raises this to 3½ percent in 1970, and would make a further increase to 4 percent in 1975 and thereafter.

The rate of tax on self-employed persons is 1½ times the employee rate, and would reach a maximum of 6 percent in 1975 and thereafter under the bill.

Now I yield to the gentleman from New York.

Mr. KEATING. Would the gentleman explain what change, if any, is made in this bill with reference to municipal employees and their ability to come under the system? Or is there a change?

Mr. COOPER. There is no substantial change between the present law and what is provided in this bill where the employees do not already have a retirement system. As I endeavored to point out, the municipality, or the county, or the State work out a plan covering their employees, and then the State submits that plan to the Federal Government, Department of Health, Education, and Welfare, and if approved, of course, it goes into effect.

Where there is already a retirement system the employees can be given social-security coverage also by a voluntary agreement, provided a written referendum is held, a majority under the system vote, and two-thirds vote in favor of social security.

In practical effect it amounts to this: That if such a plan is adopted, and these employees come under social security, then the social security is the floor, and then their own private plans or individual plans are imposed on top of the floor of social security, as it is in the case of private pension plans of industry and plants throughout the country.

Mr. KEATING. Then what would be the remedy of municipal employees who are not now able to come under the system? Would their remedy be with the municipality or with the State system? Or how would they go about it? I have had a communication from a number of municipal employees who seem to be unable to qualify under social security, and I wondered what the appropriate advice to give them was.

Mr. COOPER. Would the gentleman from New Jersey [Mr. KEAN] care to answer the inquiry?

Mr. KEAN. I will try to.

I think what the gentleman from New York was talking about was those who are in pension systems. You remember the House in 1950 enacted a provision that they could come in with a two-thirds vote; but the Senate took it out of the bill when the bill was in the other body.

We have again put in a provision that those people who are in covered systems may come in with a two-thirds vote, but that a majority must vote. We have also provided that those who are in systems who are not thus covered, that is, those people who owing to illness or age were not able to qualify under a pension system and did not get it under the State or municipal pension system may come in under an agreement of the municipality with the State. The State makes the agreement with the United States.

Mr. KEATING. I thank the gentleman.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. GATHINGS. I notice that this bill covers dentists but does not cover physicians. I am just wondering why it was that dentists were included and physicians were excluded.

Mr. COOPER. I will try to be as helpful as I can to the gentleman. The administration, of course, recommended extension of coverage including those covered in the bill, a number of which are professional people. Hearings were held. A difference of opinion developed among the dentists. Evidence was presented that some wanted to be covered; evidence was presented that some did not want to be covered. It was also pointed out that in the case of physicians, they do not retire at 65. They continue working, therefore they did not think it would be quite fair for them to be required to pay the tax when they did not expect to retire and get benefits. On the other hand, some evidence was presented that the dentists being on their feet working at their chairs it frequently resulted in their having to retire at an earlier age than physicians. I grant there was a difference of opinion. Some of them wanted to be covered, and some of them did not.

Mr. GATHINGS. The Arkansas dentists seem to feel they should be given the same treatment as the physicians.

Mr. COOPER. We have some evidence to that effect, and, as I say, there was evidence presented to the committee on both sides of the question. The bill includes all of the so-called professional groups except the physicians and evidence was presented that they did not retire at 65.

Mr. JONAS of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from North Carolina.

Mr. JONAS of North Carolina. Will the gentleman explain why the committee took firemen and policemen out

of the act that applies to municipal employees?

Mr. COOPER. The firemen and policemen requested to be left out. The evidence presented to the committee was to the effect that, instead of working after they are 65, as the physicians state they do, the firemen and policemen have to retire much earlier than 65. The very nature of their employment is such that they do not continue as firemen and policemen until they are 65 in many cases and in many instances it was pointed out that they have retirement systems of their own which they prefer and they requested to be left out.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Kansas.

Mr. SCRIVNER. Will the gentleman explain for many of us who have had questions asked as to why it was necessary to make so many of these compulsory coverages; in other words why not your doctors voluntary or the farmers voluntary? Why was it necessary to make it compulsory?

Mr. COOPER. I will be glad to help the gentleman on that point. Bear in mind all of these benefits provided have to be paid for from the trust fund.

Mr. SCRIVNER. Yes.

Mr. COOPER. If it is based on an entirely voluntary system it means then that people will wait until they approach the time to be eligible for benefits before they elect to come under the system, thereby they will not have been paying in the past to help pay for the benefits they will receive. That means, then, that there would be a great drain on your trust fund which would result in your having to have a higher tax rate and more funds provided in your trust fund if you allow people—too many of them—to operate on a voluntary basis so that they may wait until near the time to begin receiving benefits before they elect to come under the system.

Mr. SCRIVNER. Some of them would undoubtedly draw more out of the fund than they contributed to it?

Mr. COOPER. That is one situation, yes.

Mr. SCRIVNER. I thank the gentleman for his explanation.

Mr. COLE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Missouri.

Mr. COLE of Missouri. I was interested in what the gentleman said about members of the medical profession not retiring after they become 65. Is it not true that members of the legal profession continue on after 65 in a majority of cases?

Mr. COOPER. No doubt many of them do.

Mr. COLE of Missouri. Could the gentleman tell me why the committee saw fit to make it compulsory so far as the legal profession is concerned to come under the act?

Mr. COOPER. Of course, as I pointed out a moment ago, the physicians presented evidence indicating that they did not retire at 65 and did not want to be included. There was a difference of opinion. There was evidence presented on both sides of the question with respect to these other professional groups.

Mr. COLE of Missouri. I thank the gentleman.

CONCLUSION

Mr. COOPER. Mr. Chairman, in addition to the principal provisions of the bill which I have touched upon, there are several minor and technical amendments which would be made.

As I stated at the outset, there are some provisions in the bill about which I have misgivings, but on the whole, this is a constructive bill which makes needed improvements in the social security insurance system. I am very happy that many of our Republican colleagues who have not been with us on this side of the aisle in the past are now supporting these improvements.

(Mr. DINGELL (at the request of Mr. COOPER) was given permission to extend his remarks at this point in the RECORD.)

Mr. DINGELL. Mr. Chairman, the pending bill is a good one, insofar as it goes. It contains many improvements which I have long advocated and which I have proposed over the years in bills which I have introduced. This bill is a step forward, but there are several direly needed improvements which it does not make.

I am proud of my record in the Congress, and stand on it as one of the architects and builders of the social-security program. I am also proud to be recognized as one of the most active and ardent supporters of the program since its beginning.

H. R. 9366 is a vindication of this program. The fact that it is before us for consideration today is no mean victory, in view of the resurgence of the attacks by the traditional opponents of the social security insurance system upon the advent of the Republicans gaining control of the Congress. The victory today manifested in the improvements proposed in the pending bill is most gratifying to us who have long sought them.

One of my proudest accomplishments, if I may with modesty say so, in my many years in the Congress, is the improvements which have been made in the social security insurance system and of which I have been the original author. Even though my identity as such author has always been lost, in that under our procedure the bills which have improved the social security insurance system are always introduced at the direction of the committee by the chairman, the fact that they have become law is ample reward for the efforts which I and many of my colleagues have made. Substantially all of the improvements which were made by the 1950 amendments in the social-security laws were taken from bills which I had introduced prior to those amendments.

Since the many improvements which the Democrats have made in the social-security system have been in spite of Republican opposition, as the record clearly shows, it must be somewhat surprising to see the constructive improvements which are before us today being proposed by a Republican administration. The answer to this puzzle is very obvious. The social-security program is so popular and so well accepted throughout the country that the Republicans, in spite of their past sorry record on social security, have at last been forced to reflect this popularity in the pending bill. The credit belongs not to the Republicans and their supporters who have fought the pending improvements over the years, but to the working people of the country who have so clearly made their views known to the Congress.

It is unfortunate that the proposed improvements are still short of what many of us had hoped for. The reason that they were not made long ago is that the Republicans never saw fit to go along with the Democrats in their efforts to bring about a more liberal and realistic system.

As a matter of fact, many of the improvements in the pending bill would not be possible had it not been for the support of the Democratic members of the Committee on Ways and Means. A major provision in the pending bill, on which the increase in benefits depends and but for which many of the inequities which are being removed could not have been taken care of, is the increase in the wage base. Only five Republicans on the committee opposed retaining the present $3,600 wage base. You can see that full credit for the increase in the wage base belongs to the Democrats.

Even the $4,200 wage base is pitifully inadequate. A group of Democrats joined together last July in sponsoring what has come to be popularly known as the Dingell-Lehman bill. I am gratified that some of the provisions of this bill are contained in the pending bill. For instance, the Dingell-Lehman bill called for a family maximum in benefits of $200, which is contained in the pending bill. The administration proposed a maximum of $190. The Dingell-Lehman bill would have provided a wage base of $6,000. Such a base is necessary in order to keep social-security insurance benefits on a par to what they were in 1939. Anything short of that amount falls short of carrying out the original purposes of the social-security insurance system. The Dingell-Lehman bill would base a worker's average monthly wage on earnings in his 10 best years. This would avoid having retirement or survivors' benefits dragged down by periods of unemployment or illness. The Dingell-Lehman bill would recognize long-term employment under the social-security system by increasing primary insurance benefit amounts by one-half of 1 percent for each year of coverage.

It is my belief that the goals set forth in the Dingell-Lehman bill helped to defeat the resurgence in attacks on the social-security system by the traditional opponents to the system who made their one last desperate effort to wreck the system when their Republican friends again came in control of the Congress. The Dingell-Lehman bill brought forth so much popular support from the American people that the administration and the Republican leadership decided that

they would not dare to cripple the system.

Another provision of the Dingell-Lehman bill which came very close to being adopted in the pending bill is the increase in the maximum benefits for those persons now on the rolls from $85 to $98.50. Our bill would have increased these benefits by another 50 cents, to $99.

I am very concerned that the present bill does not increase the wage base above the proposed $4,200. As long ago as 1948, President Truman recommended that the wage base be increased to $4,800. That would have been a fairly realistic figure at that time. We all know that events since then have so changed that even a $4,800 wage base, which I then advocated, today is quite unrealistic. The more realistic $6,000 wage base proposed in the Dingell-Lehman bill would permit several needed improvements which are not contained in the pending bill.

By far the greatest shortcoming in the present system, in my opinion, is the lack of disability insurance benefits. These would be provided for in the Dingell-Lehman bill. I am happy that the pending bill does provide for a freeze of periods of disability, as would also be provided in the Dingell-Lehman bill, but this is only a part and the smallest part of the problem facing disabled workers. In most cases, a disabled worker is in much greater need of benefits which he can receive as a matter of right on his own wage record than is a worker upon reaching the retirement age of 65. The younger worker not only may have paid into the social-security system for many years, but he also is faced with financial demands upon his becoming disabled with which a person retiring is not faced. In most cases, the young worker will have young children to support, he will be buying his home, and getting himself established in a career. Becoming disabled at this period in his life not only can mean financial ruin as far as his business and family obligations are concerned, but added to this will be the burden of medical expenses. It is not much solace to him to say, "We recognize your plight to the extent that we will insure that you will not be penalized due to your periods of disability when you reach age 65." It is true that the public-assistance programs for the permanently and totally disabled are of some benefit, but this assistance is miserably inadequate in many cases and is based on a means test.

Much concern is being expressed in the Congress and throughout the country today about the problem of juvenile delinquency. What better means can we use to combat juvenile delinquency than to insure a secure home for our children? One of the means for doing this is to insure a disabled worker that upon his becoming disabled he will have a steady income as a matter of right.

Since almost anyone will admit that there is a need for the payment of disability insurance benefits, why do we not provide them? You know the answer as well as I—the insurance companies and the American Medical Association oppose them along with a few other selfish-interest groups. The insurance companies claim that they can adequately take care of disabled persons through their insurance. Did you ever take occasion to see what such insurance would cost you? Very few can afford it.

To a person not familiar with the American Medical Association, I am sure it would be difficult to conceive of any reason why they would oppose the payment of disability insurance benefits to the working people of the country. Since doctors are not even under the program and say they do not want under it—they have no interest, it would appear, one way or the other, except, you would think, a humanitarian interest in the welfare of others. I am sure that if we should bring to the person's attention the contentions of the American Medical Association that provision of the most direly needed benefits now missing from the social-security insurance system would lead to socialized medicine and let everyone know about this contention, the workers would revolt. How any responsible and respected organization can urge denying benefits to people where they have no direct interest whatever is beyond me.

Just think of the undue suffering and financial embarrassment and ruin which disabled workers of this country must face primarily because of the stand of the American Medical Association. Not only does the American Medical Association oppose the payment of disability insurance benefits, but they were even responsible for defeating the freeze provision on the floor of the House in 1952, and still oppose the freeze provision. Let me quote to you from the testimony of the representative of the American Medical Association before our committee this year during the hearings on social-security revision. He said:

> While we are pleased to note that this section of the bill includes a number of safeguards which did not appear in the bills which heretofore have been before this Congress, we are still constrained to oppose this portion of the bill because it most definitely would become an entering wedge for the regimentation of the medical profession by creating the mechanism for the adoption of a Federal cash permanent and total disability program, which in turn could lead to a full-fledged system of compulsory sickness insurance. The provisions in this bill cannot be appraised solely as an isolated, detached effort to provide some measure of aid to the disabled worker. We believe that this and every other step in the direction of a compulsory sickness insurance system must be opposed.

The insurance companies for many years have waiver-of-premiums provisions in their policies. No one would claim that their industry has been socialized. As to disability insurance benefits, we have for years had them for railroad workers, employees of the United States Government, and veterans. The experience with these programs has certainly demonstrated that there is no basis whatever for the contentions of the American Medical Association.

The Democrats when they were in control of the Committee on Ways and Means in 1949 reported a bill which passed the House which would have provided for disability insurance benefits. The Senate deleted this provision, and it did not become law.

I am pleased that my Republican colleagues have finally "got religion" and are now joining the Democrats in supporting improvements in the social security insurance system. I am concerned that these improvements in many cases amount to only a faltering step forward, but a forward step nevertheless. I shall continue my efforts to bring about the many additional improvements contained in the Dingell-Lehman bill.

Mr. KEATING. Mr. Chairman, I ask unanimous consent that my colleague the gentleman from New York [Mr. RIEHLMAN] may be permitted to extend his remarks at the conclusion of the address of the gentleman from Ohio [Mr. JENKINS].

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JENKINS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, in a discussion of a bill of this sort, nobody is surprised at the fact that many of us do not understand it thoroughly. It is so complicated, so wide in its application and variations, that it is difficult for anyone, I think, to understand it thoroughly. He would be boasting if he would stand up and say, "I am an expert with reference to this legislation." You know, I would like to be able to answer all your questions if I could. Heretofore when I have spoken on matters coming from the Committee on Ways and Means, I always had to apologize for the adoption of a closed rule. I do not like closed rules, and apparently you heard a lot of Members today who do not like closed rules. But this is a case, where I think a closed rule is justified, and I will tell you why. This bill was drafted with great care and after a long preparation. We had very extensive hearings before the committee, Government experts and Democrats and Republicans participating. Then the committee had a long session after this bill was first introduced, and a new bill was introduced, and finally when the committee took a vote the vote was unanimous except 1, and as I remember that member was not present. Out of 25 members of the Ways and Means Committee, the vote was practically unanimous. Much of the time indicating that the Democrats and the Republicans were agreed. But, we had come to the place where we thought this thing ought to be closed and we ought to come before Congress and present it for the consideration of the Congress and give it to you. There will be other Congresses again and then if we are wrong we will have a chance to change it, or some other Congress may change it.

Many of you were here, or maybe not so many, either, when we passed the first social security law. We passed that in 1935. I was a member of the committee at that time. You know, that bill did not provide for nearly as much as this bill does. That bill provided only

for an old-age pension. Some of the States had old-age pensions at that time. We had one in Ohio. That is about all the first bill did, was to establish an old-age pension; in other words, to provide for the aged and the infirm. It was a fine thing to do. It was a great start. I voted for it. It would have been impossible then for you to have gotten anything like this kind of a bill, and let me give you a little illustration of what I tried myself. The gentleman from Massachusetts [Mr. McCORMACK], was a member of the committee at that time. When we had that bill up before the Ways and Means Committee I tried to include in it a provision for the blind. I made a fight to get the indigent blind included. And, who is there here or any place else who does not want to help the blind? But, our own Ways and Means Committee said, "No, we must not do that; we will be starting in on an old-age pension program, and we will have to carry that through." Well, I came over on the floor of the House and then when the bill came up for consideration, I made another plea for the blind, and I made the very best plea that I could. And, do you know that after a little while the magazines took it up and the newspapers took it up and by the time the bill got over to the Senate the Senate added my amendment and we included the poor blind folks. That is what we had to do then.

Now, then, we have come a long way and we have made majestic strides, and most of them have been acceptable, although I have not been very effective in my advocacy of some of them, because I was afraid and I am afraid now; I do not know what this big trust fund will come to or what will happen if we should find ourselves in a long, devastating war, whether we will have to dip into other funds—I do not know what we will have to do about that, but we cannot be too timid, we cannot be too fearful, we cannot let progress leave us, as it were, and we have to do our part.

Now, as I said before, we could not get the blind in for a long time but finally we did. Then we came to 1939, along about there, and we passed the OASI bill, that is, the old age and survivors insurance bill, and that is what it implies—old-age and survivors. We provided for the survivors, for the wives, and for the children. We built the system up gradually. To those who were most responsible for it should go the credit.

Many questions have been asked today as to why the physicians were taken out. You can blame that on me, if you want to. I made the motion in the committee that took them out. But do not be too hasty in blaming that on me, because nearly every member of the committee voted to take them out. We were all about of one mind about that. We had a pretty good reason for taking them out. But why did we not take the dentists out? I would have taken them out too. I am willing to take them out. But you cannot take everybody out and make the system work. Somebody has got to be in it and somebody has got to pay in order to make this go. I have often said that doctors do more for nothing than any other group. And I say that teachers do more for less than any other group. And that the Lord looks after the preachers. And that the lawyers look after themselves. I can say this and get away with it because I am a lawyer.

Let us go along a little further. We talk about policemen and firemen. Of course, back in the time when the first bill was introduced, I made a fight for them for an entirely different reason than the one that applies now. My reason was that policemen and firemen are public employees, in a very dangerous place politically and in every other way. They have the political boss to tell them what to do and their lives are not free altogether. I have been in favor of taking them out. This year they took them out and they said—and it was a better reason than I had—because a policeman has got no business being on a beat at night, if he is 65 years or older. It is not fair to him. It is not fair to compel a fireman to climb a long ladder 10 stories high if he is 60 or 65 years of age. They have got to quit when they are about 50 or 55. As I understand it they must retire when they are about 50. I was anxious to take them out from under this bill and I voted accordingly.

I see my good friend the gentleman from New York [Mr. KEOGH] over on the Democratic side there who has a remedy for all this and that would be H. R. 10, the Jenkins-Keogh bill, which would probably answer all of these questions of who should be included and who should be excluded. The Jenkins-Keogh bill would permit these various groups to organize themselves into an insurance plan that would take care of them. It would not be compulsory. But we cannot pass that bill today.

Let us take another group, the State and local employees which include the teachers.

Mr. SCHENCK. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to my colleague from Ohio who I am sure wants to ask me a question about that.

Mr. SCHENCK. I should like my colleague from Ohio to tell us something about the employees in local groups. I understand, for example, that teachers who are already under a State teachers' retirement program can vote to go under the social-security program also; is that correct?

Mr. JENKINS. Yes, they can if they wish. We left that open. I do not know what the law is in other States but, as the gentleman well knows, in our State we have a teachers' retirement fund. It is a very strong one. The teachers are very proud of it and they do not want to give it up. And they will not give it up. And they are not compelled to give it up under this bill, if they do not wish to, because they may come in under social security if they wish. We think that we have a very fair formula for that. I have the assurance from the representatives of the teachers' groups in Ohio that they will be satisfied with the provisions that are now in the bill, which provide that if they are permitted to have a referendum at which more than one-half of their number meet or participate in the way provided by the law, and where two-thirds or more of those who meet vote in favor of coming under the social-security system, then they may be included. If they decide to stay as they now are they can do so.

I am sure that our teachers in Ohio will be free to do as they wish. I cannot tell you what the law would be in every other State, because this social-security system cannot compel State compliance. A State is a sovereign unto itself.

Mr. SCHENCK. May I ask the gentleman if the teachers in one city vote to come under social security, does that bind the teachers in another city in the same State?

Mr. JENKINS. As the gentleman knows, the teachers in Ohio are bound together in an organization known as the School Employees Retirement System of Ohio. All the teachers who belong to this retirement system have been required to pay into a fund from which they would expect eventually to receive their retirement pay. The State of Ohio likewise would contribute into that same fund. This is a very large organization. No doubt there are thousands of teachers who belong to this system, and likewise the fund which has now been accumulated would be a very sizable fund. They and the State are all interested in this same proposition. The State wants to do what is best for the teachers, and the teachers want to do what is best for them. As I have already stated, those representing the school employees retirement system in Ohio may not have made up their minds as to whether they want to come under a social-security system. If some of them decide that they wish to do so, and if others decide they do not wish to do so, then they can decide this question among themselves with the teachers in accordance with the plan set forth in this bill we are now considering. If one-half of those who would be interested in making the change would get their views together under a referendum, then two-thirds of that one-half could decide the matter. In other words, if two-thirds of the teachers of Ohio, meeting under a referendum call, would want to join the social-security system, they may do so, but if they vote not to join, then, of course, they will not be compelled to join.

On the other hand, if the teachers in Ohio—and probably all of them belong to the retirement system, decide to stay where they are and do nothing with reference to this bill we are now considering, they do not need to do anything. They can stay and continue in their present course.

Mr. Chairman, I should like to discuss the provision that calls for an increase in the earnings base from $3,600 to $4,200. There was strong opposition to this provision. I am inclined to support that view, but the membership of the committee was strongly in favor of making the increase.

Now, Mr. Chairman, naturally, from what I have said any Member of this body would be safe in guessing that I expect to vote for this bill. I have given

it my very best consideration, and while I am not entirely satisfied with it, I learned long ago that in legislative matters the majority rules. No doubt many will say that the dentists should be excluded if the doctors were excluded. I would have been glad to vote that way, but that did not suit a majority of the committee. Likewise there are several other matters that might be very controversial. However, if this system is fairly administered and fairly worked out, it is sure to be of great benefit to many people who will need protection when old age overtakes them, and when accident or disease strikes them down. I feel sure that this House will pass this bill by an overwhelming vote and thereby approve the honest and faithful service which the members of the Ways and Means Committee on both sides have tried to render in connection with this proposed legislation.

Mr. RIEHLMAN. Mr. Chairman, I approve in general the provisions of the proposed social-security amendments of 1954 reported to the House by the Ways and Means Committee, and I commend the committee for this major contribution to our legislative program. The bill follows in all major respects the administration's recommendations for wider coverage and increased contributions in order to permit an increase in benefits under the old-age survivors insurance program. In the words of the esteemed chairman of the committee:

> The development of this legislation is a significant demonstration of the legislative and executive branches of the Federal Government working in close harmony to advance the welfare of the American public.

Old-age and survivors insurance would be extended to approximately 10 million persons now barred from the program, including farmers, many farm workers now excluded, and self-employed professional people with the exception of physicians. All State and city employees except the police and firemen would be made eligible on an optional basis. The committee estimates that this extension of coverage would result in benefits for 75 percent of all persons over 65 years of age by 1960, in contrast with the 47 percent of such people eligible for benefits at the present time. This significant extension of coverage to millions of persons not eligible for benefits at the present time should secure for the future an appropriate relationship between the old-age and survivors insurance program and the old-age assistance programs. The old-age and survivors insurance program, which is being extended, provides a floor of protection against dependency for the aged retired worker and his dependents and for the dependent survivors of workers who die. Old-age assistance programs are a secondary line of defense, which should and will be subordinated to cover only those relatively few cases where insurance plans are not feasible.

Monthly benefits would be raised at least $5 for all retired workers, and as much as $31 for some families. To make possible such an increase in benefits without creating an undue strain on our Federal finances, the bill would require gradually increasing contributions by both employers and employees as well as by the self-employed. I have consistently supported extension of coverage and reasonable increases in benefits to keep pace with rises in the cost of living, although I have just as consistently opposed any wholesale raids upon the public treasury to raise benefits indiscriminately to such heights that they would perilize our national economic stability and drive our private insurance companies and other financial institutions out of existence. I believe that the proposed amendments to the Social Security Act substantially correct the shortcomings of the system without exposing our national economy to these dangers.

I am particularly pleased by the provision of the proposed amendments which would permit all retired workers to earn as much as $1,000 a year without losing social-security benefits. At the present time, those persons less than 75 years of age are now disqualified for benefits in any month that they earn more than $75 as employees in jobs covered by social security insurance. This change in the law would permit continued gainful employment by those of our senior citizens still able and desiring continued activity, and encourages a contribution to our national product by such persons without depriving them of the benefits of social security.

Again, I commend the esteemed chairman of the Ways and Means Committee and his fellow committee members upon the careful study and consideration they have given to these most important proposed amendments.

Mr. COOPER. Mr. Chairman, I yield such time as she may desire to the gentlewoman from West Virginia [Mrs. KEE].

Mrs. KEE. Mr. Chairman, it is a tribute to the solid work which has gone into previous social-security legislation that this bill before us today is so noncontroversial.

I know of no organized opposition to the measure, even though it contains important improvements in the existing act. For instance, it raises benefits; it will mean higher payroll taxes for both employees and employers since $4,200 of each worker's pay would be subject to the tax rather than the present $3,600; and it provides also for a "freeze" for eligibility purposes for workers who become disabled before they are 65.

None of these changes are very revolutionary, of course. They are logical extensions of improvements which have been made by the Congress in 1952, 1950, and earlier. They are logical also in terms of the thinking which went into the original act—an act which has worked exceptionally well.

But I can remember, Mr. Chairman, when provisions such as are incorporated in H. R. 7199, and which will be passed today by the House with virtually no opposition, would have been fought savagely by some of the same people now supporting them. They would have been attacked as "socialism" or worse.

I think it is a tribute to the good sense of the American people as well as to the soundness of the earlier legislation that we have finally brought social security to this present position of being almost noncontroversial in the House of Representatives. For the people took to it immediately and supported it wholeheartedly down through all these years and refused to be diverted by the millions of dollars expended for propaganda in an effort to kill social security. They wouldn't stand for that.

We are now making it possible for farmers to come into the program. They certainly deserve to be covered, just as other self-employed groups are covered. They have been paying the social-security taxes on their own payrolls for hired hands, thus making their employees eligible for retirement benefits, while the farmers themselves remained unprotected. Yet no group of Americans works harder or is more vital to our economy and prosperity and happiness.

Clergymen, too, become eligible under this bill, and that is also a proper step. In most cases, the men of God have little opportunity to amass worldly riches and provide any substantial savings toward their later years.

Eventually, I think the doctors will want to come into the program, too, particularly as they study the provisions for survivorship benefits. While it is true that doctors in good health seldom retire at age 65, many overwork themselves at such a pace that they fail to conserve their own health while protecting the health of the rest of us. Since the medical profession has fought inclusion so vigorously, I do not think they should be forced into the program. But I think the individual doctor will want to study this whole matter carefully.

Most Americans now covered by social security want to see the program gradually improved over the years to approach more closely the needs of the retired individual or the family receiving these benefits. We know that this cannot be done overnight, particularly if the program is to remain sound and based on sound actuarial practices. There will still be a need for supplemental income from defense bonds or other savings or occasional part-time work. It is hard for any individual or family to live on social-security benefits. Those who must try to do so are often in very desperate difficulties, and so we must continually try to improve benefits as much as possible. The average benefit today for a retired single person is only $50 a month, for a retired couple only $86, and for the widow of a deceased worker with, say, 2 children under 18, the average monthly check is only $113. This is pitifully little on which to live. This bill will mean some increases in each case. I wish the increases were greater, as proposed by the bill introduced by the Democratic leadership in the Ways and Means Committee.

Obviously, we cannot consider this bill the answer to social-security needs. It is not enough. If it is the best we can do this year, then we must make up our minds to do more and have a better bill in the next Congress, and continually keep the program under study and constantly improve it.

Only then can we be sure we are building solidly for a better tomorrow for our wage earners, our professional people, our self-employed, and the great body of hard-working people who make up the American free-enterprise economy and the American free society.

Solid work has been done in this field in the 18 years since the first Social Security Act became law. But we must never stop improving so fundamental a part of our social laws.

(Mrs. KEE asked and was given permission to revise and exend her remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Missouri [Mrs. SULLIVAN].

Mrs. SULLIVAN. Mr. Chairman, from time to time I have criticized the Eisenhower administration and the leadership of the Congress for their failure to act on important social problems facing the people of this country. I think those criticisms were more than justified. In instance after instance where the Government could act and act effectively to ease the suffering, the hardship experienced by many of our people as a result of economic dislocation and recession, there has been no action.

Since I have criticized the administration and the leadership of the Congress for this inaction, I think it only fair for me to give credit today to the President and to the leadership of the Congress for harkening to the need for a modernization of our social-security system. I am grateful that in this one area, at least, we are getting some necessary action of a kind which will help millions of individuals and families receiving social-security benefits.

The bill reported out by the House Ways and Means Committee does not go as far as I would like to see it go. The increased benefits are modest. While provision is made to save the social-security benefits at age 65 of workers who become disabled before that time, there is no effort here to make benefits available immediately to a worker of any age who becomes totally disabled. I think that is one of the necessary areas of new direction in social-security legislation.

The slight increase in the amount of outside income a social-security beneficiary can earn without losing his social-security payments is, I believe, another inadequacy in this bill. How can people live on social security? What we say to a beneficiary is, in effect: Here is some money on which you are to exist. We realize it is not enough. But if you go out and earn some money—if you earn over $1,000 a year—we will reduce your payments accordingly.

There may be very good reasons why the social-security system cannot pay full benefits to everyone at age 65 whether he retires or not, but I do think we have to provide a greater cushion—more leeway—on outside earnings than this very little amount of $1,000 a year. Once a man reaches 75, he draws his full social-security benefits whether he is working or not. Could not we perhaps lower that age requirement? In other words, we need a better answer, and we have not got it in this bill.

But even though this bill does not go as far as some of us would like it to go, it is a substantial improvement over the present social-security system and deserves support for its good motives and worthwhile improvements. Since there is no opportunity for us here on the House floor to amend the bill in any way whatsoever, we have then only the choice of voting for or against. Under those circumstances, I shall certainly support the bill. If any further improvements can be made to it in the Senate to liberalize it further along the lines proposed by our Democratic leaders on social-security legislation, I will be very grateful.

There is only one thought that I would like to leave with the House in connection with this legislation. It is this: A bill of this kind deals not with abstract ideas or special interests, it deals with people with families, with men and women who have reached the end of their working careers—careers which have spanned two frightful world wars, numerous panics and recessions, and a depression of unprecedented magnitude. It has been hard for most working people over those years to amass any sizable savings. These are the people we must be thinking about in this bill. These are the kind of people we must never forget, for they have been the backbone of America's great production and great achievements over the years.

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. KELLEY].

Mr. KELLEY of Pennsylvania. Mr. Chairman, the people on social security will rejoice in the passage of this legislation because it gives them some sorely needed help. The increases in rents, food, and a lot of other things since the Eisenhower administration took office have practically wiped out the social-security increases we provided in 1952 and the situation is getting serious.

But what about the rest of the population? Only about 6 million are receiving any kind of social-security benefits. The rest of the people are going downhill economically because of joblessness, lower production, high prices, and yet nothing is being done to restore prosperity. The number of distressed communities keeps growing. In the coal areas we are experiencing not recession but depression.

President Eisenhower promised a dynamic, progressive program. This social-security bill looks like the whole program at this point. It appears to be about the only progressive thing which will come out of this Congress. Of course, it is a Democratic program, pure and simple, and if this were a Democratic Congress the bill before us would be a much better bill. But as long as this is all we can get this year, and since we cannot, under the rules, offer any amendments to it, why, of course, we will support it.

Now, let us get on with some more good legislation. The unemployment-compensation program needs overhauling, and I am glad that hearings are going to start on that at least. But what about my bill for public works to help alleviate unemployment and also to provide the schools and community facilities we need all over the country?

What about getting more of this surplus food to needy families? What about restoring farm prosperity? What about giving the people more opportunities for jobs? What about getting more purchasing power into their hands so that they can buy the things they need and thus stimulate business and stop this trend toward bankruptcy? What about tax relief for the lower-income groups instead of just for big business?

We are informed that the Congress plans to, or hopes to, adjourn in just 2 months. That does not leave much time for a dynamic, progressive program. Of course, it is enough time if all we are going to pass of a progressive nature is this Democratic-inspired social-security bill.

Unless we get busy, Mr. Chairman, we will be saying to the unemployed and the distressed and the small-business man who is in financial difficulties because his customers do not have any money to spend that the Republican Party is taking care of things in a new way—that is, it is telling the people: Just wait until you are 65 and you will have social security to fall back on.

A lot of people cannot wait until they are 65 in order to have some income, Mr. Chairman. They need paychecks, and they need them now.

(Mr. KELLEY of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. HOWELL].

Mr. HOWELL. Mr. Chairman, to the extent that it improves the present social-security system, the bill before the House today is a good step in the right direction. I think it will receive almost universal support here on the Democratic side of the House because it is in line with policies we have supported over the years to expand and improve social security.

Many of us had hoped for further improvements in this legislation. We believe the administration has asked for too little, and the amendments it proposed are too modest. But in view of the difficulties the President had to contend with within his own party in getting even this modest improvement before us, and the pressures he faced—also within his party—to try to destroy the basic soundness of the reserve fund, I appreciate even this limited bill and I shall support it.

It does not begin to compare with the proposals which were made in a series of bills introduced by many of us in the minority. Instead of freezing the eventual social-security benefits of workers who are disabled before they reach 65, our bills would treat total disability as the equivalent of retirement and provide for immediate benefits.

Further, instead of basing benefits on a maximum income of $4,200 a year as this bill provides, we would go further and count in at least the first $4,800 of income a year, if not $6,000. That way, contributions to the fund would be higher, and benefits could be correspondingly greater, while still assuring the stability and soundness of the system actuarily. The facts show that 61 percent of the male working force covered by social security earns more than the present base of $3,600 a year, while 43 percent earns more than the proposed new base of $4,200. To cover in a larger proportion of their earnings, and base payroll taxes and benefits on the higher maximums, would not be out of line.

After all, if we believed in 1936 when the original act was passed that $3,000 was a fair maximum on which to base contributions and benefits, the equivalent today would be at least $6,000.

To the extent that the administration bill fails to approach these reasonable goals laid down in the bills introduced on the Democratic side of the aisle, I am sorry.

These, however, are generally differences in degree rather than in substance. The principles on which the social-security system are based have by now become almost universally accepted, so we no longer have to fight out the basic issues as we once had to.

On the other hand, it would be ridiculous to say that the final, perfect answer to old-age security has been found and put into effect. We are a long way from that. This bill, in keeping with improvements made to the program in 1950 and again in 1952, follows in the right path as far as it goes, even though, as I said, it does not go far enough.

INTEGRATED ATTACK NEEDED ON RECESSION PROBLEMS

The increases in social-security benefits provided for in this bill will be of substantial help to those hard-pressed citizens now over 65 who are attempting to live and make ends meet on their monthly benefit checks. Their plight has been a particularly difficult one, since the last increases were voted in 1942, for food prices, rents, utilities, and most other living costs have gone up in that period. The slight decrease in the Consumers' Price Index the past 2 months still leaves that index at a much higher figure than it was before the new administration raised interest rates, took off all controls, including local-option rent control, and otherwise followed steps it promised would lower rather than raise living costs. The opposite happened, of course.

Yet all this time economic activity has slowed down, production has declined, jobs have fallen off, in face of an ever-increasing labor force, and business failures have grown by leaps and bounds, particularly in small business.

So while this bill will benefit the 6 million persons presently on social-security rolls and those who retire in the future, the fact is that we need an overall and integrated attack on recession that will help 160 million Americans—many of them in real distress, due to unemployment and layoffs.

I am pleased that the Ways and Means Committee now plans to begin on June 8 consideration of the bills before it for an increase in unemployment-compensation benefits—a long overdue reform which should have been undertaken a year ago when evidences mounted of a downward trend in economic conditions. It is urgent that this matter be taken up quickly. Promises that we would see a great upsurge in employment and in economic levels in March, thus obviating any need for action on what the President called slambang economic measures, just never did materialize, of course. Now administration leaders talk of an upturn by Labor Day, or by next year. In the meantime, those who have lost their jobs through no fault of their own have been forced to try to get along on less than a minimum income for decent and respectable living, and thousands among those have used up all of their unemployment-compensation benefits and have gone off the rolls, still without employment.

WE DARE NOT BE COMPLACENT AS ECONOMY WORSENS

Under these circumstances, Mr. Chairman, we dare not be complacent. We dare not feel that in passing a bill like this providing a modest increase in social-security benefits for 6 million men, women, and children on the social-security rolls we are in any sense meeting the challenge of recession or taking big and imaginative strides toward reestablishing an atmosphere of full employment. For we are doing no such thing.

We are providing only a piecemeal approach to a very tiny segment of the whole problem of recession. What we are doing on social security is worthwhile, just as treating a hurt or a bruise or a cut is worthwhile. But the patient—our economy—is at present undernourished; it needs building up. It needs a heavy dose of vitamins in the form of an integrated economic program which will restore purchasing power, increase job opportunities, stimulate production and expansion, and otherwise get this country once again headed into a climate of full opportunity, full employment, and real prosperity for all.

This bill, as I said, is worthwhile as far as it goes, but in the absence of a full-scale attack on recession using the economic tools we have developed over the years, it is much too little. Will we wait to discover that until it is much too late?

(Mr. HOWELL asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. FINE].

Mr. FINE. Mr. Chairman, I heartily endorse the proposed social-security amendments.

The men who led the Democratic Party and the Nation during the 20 years from 1933 to 1952 are responsible for a great many legislative advances. One of the most far-seeing and beneficial of these is the social security program.

During his first term in office, President Roosevelt established a cabinet committee on economic security. That committee recommended in its report, on January 15, 1935, that a program of economic security "must have as its primary aim the assurance of an adequate income to each human being in childhood, youth, middle age or old age—in sickness or in health. It must provide safeguards against destitution and dependency."

On August 14, 1935 the Social Security Act became law. It provided for several distinct programs, each one designed to meet a pressing need of the people. The Federal old-age and survivors insurance program established a system by which employed individuals could insure a retirement income for themselves or regular payments to their survivors in the event of untimely death. The unemployment-insurance program set up under the act helped provide a cushion against loss of employment. The act also called for Federal grants to States for assistance to the aged, the blind and disabled, and dependent children.

The Social Security Act did not set up a perfect system, but it did provide the basic foundation on which to build. Since 1935 the Social Security Act has been amended and improved on a number of occasions.

The bill we have before us today is another step in this gradual process of improving and extending our social-security system. I am sure it does not represent the final answer, but as far as it goes it is a worthy bill. This is exactly the kind of legislation that Democrats have been proposing and supporting for many years. It contains a number of improvements that Democrats are publicly advocating at the present time. In many ways, this is just the kind of social security bill that we used to get when we had a Democratic administration downtown. I see no reason why any good Democrat should not enthusiastically support it.

The unusual thing about this excellent bill is that it is endorsed by the Republican administration and probably will receive the support of most Republicans in the House. And that situation makes this a momentous and heart-warming occasion, for it indicates that the Republican Party is at last putting its stamp of approval on the Democratic social-security program.

It was not always this way. In 1935 Republicans in the House voted 95 to 1 to recommit the Social Security Act—some of them even called it unconstitutional. The Republican Presidential candidate in 1936 called social security a cruel hoax and "a fraud on the workingman" and the Republican platform that year called for its repeal.

During the 80th Congress, the Republican Party excluded more than half a million persons from social-security protection, until the law was amended by a Democratic Congress in 1950 to cover them. In 1952, a majority of House Republicans voted against liberalizing social-security benefits, though most of

them reversed this position on a later rollcall.

But all that is past. Today's events may well mean that the Republicans have changed their outlook, and instead of fighting the Democrats on social security will join us in working for a better program.

To my Democratic colleagues, I respectfully suggest that we accept the conversion of our Republican brethren with good grace. They are deserving of praise, not criticism, for their candor in publicly admitting the error of their previous ways. I hope we will not accuse our Republican friends of coattail riding on the program of Roosevelt and Truman, even though such a charge might seem merited. Let us instead be content to rejoice that they have finally seen the light.

And to my colleagues on the Republican side of the aisle, may I point out that you are on the right road, but you have a long journey yet before you. Many members of your party still oppose public housing, reciprocal trade, and other progressive Democratic programs. I want to remind you that there is more joy over one sinner who repents than over 99 just who do not need repentance. I congratulate you on what you have done on social security; when you are ready to bow to the inevitable march of progress on other issues, we will again welcome you with open arms.

(Mr. FINE asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from New Mexico [Mr. DEMPSEY].

Mr. DEMPSEY. Mr. Chairman, this legislation, which is brought before the House for the announced purpose of broadening and extending the provisions of the social-security program, contains one provision which has brought to my office many objections from members of the dental profession, asking one question which I have not been able to answer. They inquire, "Why are physicians being excluded from the provisions of this measure and the dentists included against their will?"

To my mind there is no reasonable answer to that question. In fact I find it impossible under a logical course of reasoning to understand why they should not be excluded along with the other professional group. Not one member of the dental profession has advised me he wishes to be included. I feel we should respect their desires just as we have those of the medical profession.

I believe that we are inconsistent when we attempt to exclude the doctor of medicine and include the doctor of dentistry in the provisions of this bill and are attempting to enact class legislation. Why not exclude both of those closely related professions?

I have never questioned the desirability of or the need for social security. It is one of the soundest economic programs our Nation has today. As one who strongly supported the original social-security bill in 1935 I am naturally firm in my belief that the Congress should do everything that will broaden and extend its benefits to everyone possible. I am supporting this bill, but deplore the closed rule under which it comes to the floor of the House and our inability to amend it for I firmly believe that if doctors of medicine are to be excluded from its provisions—with which I agree—so, also, should we take the same position with regard to doctors of dentistry.

(Mr. DEMPSEY asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Mr. Chairman, let me first say that I will support this bill to amend the Social Security Act. In fact, I believe I am on record as supporting every major change and improvement that is included in this bill. I am very glad to see the majority party accept the principles of social security and take this step toward the application of these principles to all persons who earn their living either as wage earners or independent operators of their own businesses. My only objection is that this step is too small, first, in making no provision for payments to totally disabled workers.

I am wholeheartedly in favor of freezing the benefit rights of these workers, but I also believe that the principle of social security is lacking so long as we fail to provide payments for those workers who are totally disabled for 6 months or more. The basic policy of the Social Security Act is that workers are disabled by age at 65. We know that this is not always true. Many workers are able to continue their earnings many years beyond this age. Other less fortunate workers, either because of the type of work they do or because they lack the physical stamina of the more fortunate ones, become disabled long before reaching the age of 65. I personally cannot believe in the policy of letting such individuals be solely dependent upon welfare programs, either public or private. I hope that the next Congress will see fit to make adequate provisions for those workers who become disabled before they reach the minimum retirement age of 65.

The second omission in these proposals is the failure to include a permanent policy for Federal participation in the State welfare programs. The extension from November 1954 to November 1955 of the so-called cost of living increases for the old-age pensioners under the State programs leaves this problem in the hands of the next Congress. I am not too averse to this action as I feel that the welfare of our aged, the blind, and the dependent children not covered by social security, if now neglected, will be in good hands during the session following the congressional elections of 1954. However, I am opposed to government by postponement and believe that it is the duty of this Congress to establish a permanent policy for Federal participation in the State welfare programs even if the policy may be changed next year or some ensuing year. Our failure to adopt a permanent policy on this broad national problem will not enhance the prestige of the 83d Congress.

There are other provisions, such as exclusion of amounts paid by a son to his father from the definition of wages under the Social Security Act, that may have been necessary in the early years of the program but are now detrimental. Such minor items should be given more careful study, and I regret that these minor improvements have not been included in this bill. Despite these omissions, even the major ones, these proposals both strengthen and broaden the Social Security Act and deserve the support of every Member here.

The increases in monthly retirement payments of $5 per month for those workers whose earnings have averaged $100 a month or less appear small, but they are very important to that large group of wage earners who, having passed the peak of their earning power before this act became effective, were forced to retire on $25 to $55 per month. The actual increases exceed $10 a month for that relatively small group whose average earnings since the act became effective were in excess of $225 per month. It has been very difficult to maintain an average rate of earnings of more than $225 per month when the annual ceiling was $250 per month. This group will become larger as the effects of the $300 per month ceiling, which became effective in January 1951, and the proposed $350 ceiling are reflected in future earnings.

I ask every Member present to support this bill as a solid step in the right direction and look forward to more and better improvements in the coming years.

(Mr. PERKINS asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Kentucky [Mr. WATTS].

Mr. WATTS. Mr. Chairman, I have asked for this time to commend the Ways and Means Committee for the excellent job it has done in bringing before the House H. R. 9366, an act to amend the Social Security Act. It is my intention to support this legislation wholeheartedly on final passage.

The changes made in our present social-security laws by H. R. 9366 are for the most part badly needed and very beneficial. However, I cannot help but believe it would have been much better for this resolution to have been considered on the floor of the House under an open rule rather than under a closed or so-called gag rule as in this case. Had the legislation been brought to the floor under an open rule, it would have been subject to amendment and the membership would have been permitted to have considered other changes in our present social-security laws and in this proposed piece of legislation. Under the closed rule, which I opposed in voting against the previous questions, the membership of the House is not permitted to offer or even consider any amendments to the bill irrespective of their merits. It is my opinion that had those of us who advocated an open rule prevailed that the

legislation could have been made better and more acceptable in several ways. However, the legislation is good legislation and deserves the support of the House.

(Mr. WATTS asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GRANAHAN].

Mr. GRANAHAN. Mr. Chairman, the social-security program was one of the greatest among many great achievements of the first 4 years in office of President Franklin D. Roosevelt. It recognized that it is difficult if not impossible for most workers to set aside enough money during their working years to assure anything distantly approaching an adequate retirement income when their years of employment are ended.

Under it, millions of elderly Americans—and also millions of dependents of deceased workers—are collecting monthly benefit checks not as a dole or a charity but as dividends resulting from the payments these workers and their employers have made into the fund during their working careers. As the program has continued, coverage has been broadened and more and more Americans have come under this system.

We can foresee the day when practically every American contributes to the social-security fund out of his earnings and is covered by the program upon retirement. We have been going in that direction in every bill Congress has passed over the years to improve the program, except in the 80th Congress when the Republican majority reduced coverage.

But as we expand the coverage and otherwise improve the Social Security Act, we should keep in mind, I believe, that social security benefits are far from sufficient to assure an adequate retirement income. The increase in the cost of living over the years has been particularly hard on social security beneficiaries. They have fallen steadily behind. In real income—in purchasing power—they are still behind what their retirement incomes would have provided back in the days the program was set up. And when they do get a raise in benefits, as happened in 1950 and again in 1952 and as would happen under this bill now before us, it comes usually well after the increase in the cost of living has already caused them extreme hardship and set them even further behind.

FURTHER INFLATION IN 1953 HURT SOCIAL SECURITY BENEFICIARIES

When we increased social security benefits in 1952, the cost of living had generally leveled off. Had we been able to maintain a stable cost of living, the social security pensioner would have been much better off than he is today.

Instead, however, we had a new spurt in living costs in 1953 when the new administration came into office, and it kept going up steadily well into this year, even though economic activity started to decline last July or August. The cost of living is still substantially over what it was a year ago. That has been a tragic situation for those dependent on social security for their income. It has been inadequate.

In this connection, Mr. Chairman, I would like to see some provision made for keeping social security benefits more closely in line with living costs, and not these long delays between the upswing in the cost of living and a change in benefits.

In 1939, a few years after the social-security system was started, a worker who had earned the maximum amount subject to the program could retire with a benefit of $46.80 a month. To have the same purchasing power today he would need over $90. Yet the maximum for a single person at present is only $85—and it was raised to that only 2 years ago.

Now of course it was impossible to live on $46.80 a month in 1939, and it is even more impossible to live on $85 today. The maximum for a family today is $168.50, and I would like to see any family get along on that.

ADMINISTRATION BILL IS TOO TIMID

Since the bill before the House today has been brought out of committee under a rule prohibiting amendments from the floor and giving the House only the alternatives of passing or rejecting it, our comments today can have no influence on the legislation except insofar as they reflect to the Senate the real sentiment of many of us here in the House.

That is why I want the record to show that while I am voting to pass this bill, I think it is much too timid in its approach to the serious economic problems of persons now on or soon to be on the social-security rolls.

I have joined in sponsoring legislation introduced by the Democratic leaders of the House Ways and Means Committee, including Congressman EBERHARTER of my own State of Pennsylvania, to raise these benefits much more than the Eisenhower administration's bill would do.

Since there is no way for us to vote for the Dingell-Eberharter bill as an amendment to this bill, I can only say that if the Senate, where Democratic Members are in the majority, passes a better bill than this one before us now, I will certainly vote to support that.

That is the only way, it seems to me, that we can get a better bill than this until we again have a Democratic Congress.

(Mr. GRANAHAN asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. CROSSER].

[Mr. CROSSER addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. CROSSER asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, I ask unanimous consent that my colleague the gentleman from Arkansas [Mr. HARRIS] may extend his remarks immediately following those I shall make.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Chairman, after listening to the very splendid remarks of the gentleman from New York, the chairman of the committee [Mr. REED], the gentleman from Tennessee [Mr. COOPER], and the gentleman from Ohio [Mr. JENKINS], little remains to be said about the bill before the Committee today in the way of an explanation.

I find, however, that there is some concern existing in the minds of some members of the committee with respect to certain aspects of the coverage proposed under the bill. Let me see if I can clarify in just a minute or so the thinking of the members of the committee, the thinking of the people who proposed the program initially and those who now propose improvements in the program.

Social security was originally conceived, as I understand and I think I am right in my understanding, as a method of at least partially insuring people against the loss of jobs or job opportunities due to unemployment or due to advanced age. In the beginning, it was thought that, since this was a new program, it might well be better for all if the coverage were limited to those who were working for an employer. Thus, we went along for some period of time with a program which provided unemployment compensation for those employees of an employer who employed more than eight people and for those people who retired after reaching the age of 65 who had worked for an employer. As time went by, it became evident that the social-security insurance program conceived for employees only was a program worthy of extension to others. So, in 1950, amendments were passed by the Congress which provided extension of coverage to some 10 million people who were not then covered by title II of the social-security laws, the old-age and survivors insurance program. We did not include everyone at the time although the recommendation was that we include farmers and all professional people and farm labor and almost everyone who was not then included. We did not do that because, frankly, there was considerable opposition among the groups that the 1950 amendments finally did exclude.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. McCORMACK. The gentleman is giving a brief historical statement concerning this legislation. The original concept was based upon the theory of private insurance, and then you remember in the latter 1930's, we recognized the social implications and made the family unit the beneficiary.

Mr. MILLS. That is true. We added the survivor's benefits in the 1939 amendments.

Mr. BOW. Mr. Chairman, will the gentleman yield for just one question concerning farmers?

Mr. MILLS. I yield.

Mr. BOW. In the case of a farmer who passes the age of 65 and no longer works his farm, but has an interest in it, and whose income would be over $1,000 in profits or other produce of the farm, could he receive benefits or would he have to continue to pay into the fund?

Mr. MILLS. The farmer described by the gentleman from Ohio would receive benefits, if he is not actively and substantially engaged in farming. The fact that he receives an income from an investment in a farm would not exclude him from benefits at age 65. In other words, he might rent that farm to someone who actively carries on the farming operation and the proceeds from the rental might accrue to him, but that would not bar him from receiving benefits from social security after he retired, and of course, he would not be paying social-security taxes.

Mr. BOW. Suppose the operation is carried on on a sharing basis?

Mr. MILLS. On a sharing basis also, under the definition of what the committee means by the word "rent," the same would apply. Share rentals would not preclude receipt of benefits. They would be treated just as cash rentals. The individual farmer would not be eligible for benefits at 65, if he continues to operate his farm as he has all of his life through the use of a few hired hands with his wife and children helping him. Such an individual would be described under the bill as continuing in his farming operation and would be under covered self-employment, and if he made more than $1,000 a year in net earnings and was between 65 and 75 years of age, he would not be entitled to benefits. If he does not render substantial services in operation of the farm he would be eligible for benefits.

Mr. BOW. I thank the gentleman.

Mr. MILLS. The gentleman from Ohio has directed my thought to farmers which was the subject I had in mind to discuss first. What is the position today with respect to farm coverage among the farm organizations who know and speak the thinking of the farm people? Two of the three great farm organizations have for some time said that it would be perfectly all right with the farmers for them to be included under social security, and that they should be included under social security. The remaining farm organization, the American Farm Bureau Federation, has consistently over a period of several years said that it was the opinion of the leadership of that organization and its membership that it would be well for us to wait for a while until we have had some more experience with coverage of the self-employed under social security, until the farmers can become better advised on social security, before we bring them under the program. Very frankly, it is my own personal opinion that the majority of farmers want to be included under social security. Otherwise I would not want to bring them in. I want to give you just a little bit of my own thinking on this. As the gentleman from New York well knows, and I refer to the chairman of the committee, farm organizations came before our committee this time. They expressed the views which I have just reiterated here. Several weeks have elapsed since the committee started the consideration of the original social security bill in this session of the Congress. We have had this new bill, H. R. 9366, before us for approximately a week.

There has been little, if any, protest received by Members of Congress from their own farm constituencies with respect to the provision of the bill that includes farmers under Social Security. I can understand the concern of some Members over whether or not their farm constituents want coverage but I am convinced that the majority of American farm people need and want protection against advancing old age and untimely death. I have had the opportunity while at home in the district I have the privilege of representing, of talking on numerous occasions with farm groups and with individual farmers with respect to the question of whether or not they preferred to be included under social security or opposed the idea. Those with whom I have had the privilege of discussing the matter have almost invariably said, "We prefer a program of social security which will permit us to receive something when we get 65 years of age, without regard to whether we need it at that point in life and which will permit our wives and children to be protected in case we die."

The way the situation operates today, if a farmer in your district or mine finds himself in destitute circumstances, through some economic adversity, or otherwise, he has no recourse except to ask for public assistance. There is no backlog of payments that have been made by him into a fund out of which he or his family can draw benefits without any questions being asked.

Why do we persevere in the assumption that the farmers of the United States are less advised than other groups in the United States, and cannot recognize a real advantage when one comes along, or a real benefit or a real profit when one comes along? It would have been better for them in the long run had they been included some time ago, because now they are faced with a higher rate of tax than they would have had to pay in 1950 or 1946.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BOGGS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. REED of New York. I am sure the gentleman remembers the splendid statement made by the distinguished Member from Ohio [Mr. SECREST]. He had taken a very exhaustive poll of the farmers of his particular district, and they were almost unanimous in favor of coming under coverage.

Mr. MILLS. I am glad the gentleman called that to my attention. I had not forgotten it. I intended to remark on the fact that the gentleman from Ohio [Mr. SECREST] did conduct such a survey, and the information he brought to the committee was most illuminating to the members of the committee who had not had an opportunity to have free access to people in the farm areas, and to discuss with them some of their problems and desires.

What does it do to the economy of a State, made up largely of farm people, and to the pride and self respect of farmers and their families when the farmers are not included and they have to look to public assistance rather than to a system of benefit payments as a matter of right? You find that in those States a great number of the people have a history of being farm laborers, tenant farmers, farm operators, or farm owners and have not been able to get social-security protection. Not only must they face a humiliating needs test to get assistance when adversity strikes, but there is also a heavy burden placed on existing taxpayers of a State because they have been excluded from social-security coverage.

The arguments I could make for inclusion of farmers are too many to make within the time allotted to me, but I do want to say that I fear that sometimes we proceed, when we do not hear from someone requesting something, on the basis that someone is not informed and does not want anything done affecting him. Just the other day I had a petition signed by a number of farmers—I do not know how many—from one small segment of my district, not including an entire county, but the individual who sent it to me had obtained the signature of every farmer he had contacted. It was not a protest, but petitioning me to be for the inclusion of farmers. I know there are some who do not want it, some who do not need it, some who will never be in a position of needing any outside security. But the percentage of those farm individuals who wish to be excluded is no greater than the percentage that now exists with respect to other self-employment and persons who would also be covered or are already covered in existing law.

Something has been said about doctors not being included. That is right. I do not think they should be included and I will tell you why. From a practical point of view I do not think they should be included. As Members of Congress we are often influenced with respect to our decision on national issues by examples that come from the local area we represent in Congress. From the experience I have had in my district and State there are very very few, if any, older doctors who do not continue to practice. They continue as they always have, maybe limited by physical handicap, but they continue to practice and I have never heard of any of them retiring.

This program is based largely upon the possibility of a situation arising where a person will have need for a retirement system. If a doctor is not going to retire, and doctors generally do not retire, they do not need retirement benefits.

The same thing may be said about dentists. However, I think, as the gentleman from Tennessee has pointed out, that there is a difference to some extent

in the situation involved in the two professions. The dentists, as the gentleman from Tennessee pointed out, have to use their hands—there is one sitting before me; and if I make a misstatement, I will yield to him to correct me—they have to use their hands probably a lot more than the general practitioner uses his, and they perhaps are on their feet more than a doctor. Yes; there may be some justifiable difference. We were advised that the American Dental Association was opposed to coverage, but we know that some State dentists' organizations were for it. There was a general conflict of opinion among dentists. Certainly dentists, if they are not entitled to coverage or do not want to be included, will have an opportunity, a genuine opportunity, to express their viewpoint to the Finance Committee of the Senate; and if there is merit in their position, certainly the Members of the Senate will be most patient and most considerate of their position.

On the whole, this is a very good bill. There are some things in it which disturb me, but, like every other piece of major legislation, we should look at this in the overall. I regret that time does not permit me to give a fuller discussion.

(Mr. MILLS asked and was given permission to revise and extend his remarks.)

Mr. HARRIS. Mr. Chairman, the principle of social security was adopted several years ago and is now accepted by the American people as a progressive social and economic benefit. Congress has expanded this program since the original act more than 15 years ago. I have supported the amendments heretofore as providing insurance for our people when they reach the age of retirement and for other benefits for the average American citizen.

We have another bill reported by the Ways and Means Committee to expand the social-security program, extending coverage to an additional nine million or more persons. Some of these, I understand, on a voluntary basis. In addition, this bill, as we are informed, increases the benefits to retired workers.

I think from the experience from the 1950 act, it is generally felt that these additional people should have social-security benefits extended to them. I think this expansion covering these millions of additional people is generally accepted throughout the country. I am therefore, Mr. Chairman, supporting this bill which would expand the program and provide increased benefits.

It is interesting that the additional persons to be included in this system are some 4½ million of our farmers and farm workers. Certainly this group of people should have the benefit of this program in order that they can provide themselves with the necessities of life in their later years.

This additional coverage includes some 200,000 or more domestic servants and some 350,000 professionally self-employed. There are more than 3 million people employed by State and local governments already under retirement systems and some 250,000 ministers included on a voluntary basis. This is for obvious reasons.

I want to also commend the committee for its action in excluding the doctors' profession. Doctors cannot retire. It would be a rare experience for a doctor even in his late years in life to have an annual income of $1,000 or less. Therefore, they would be paying social-security tax with no chance in most instances of ever receiving any return or benefits from it.

A lot of people will receive much encouragement over increasing the minimum benefits from $25 to $30 per month as this bill provides. Also, the fact that the maximum is increased from $85 to $98.50 per month.

It is of some interest, of course, that the benefits that would accrue to those who retire after January 1, 1955, will range from a minimum of $30 per month to a maximum of $108.50. Also, the maximum family benefits is increased from $168.75 to $200 per month. In an expanding economy as we have, it is apparent that such action is thoroughly justified.

It is well known that to provide increased benefits, it will increase the cost. I, as many others, do not like to see increased taxes. Increasing the base to $4,200 per year that is taxable actually means a tax boost of $12 per year to the individual. Efforts have been made to reduce taxes. Nevertheless, for this program we must be realistic in providing the means and method of payment if the people are going to derive the benefits.

Of course, there appears to be no serious or organized objections to this bill, notwithstanding this increase in the taxable base. The present administration recommends it, the former Democratic administration recommended it. Therefore, these proposals have the general support of both of our major parties and is so commending it to the American people.

Mr. REED of New York. Mr. Chairman, I yield 20 minutes to the distinguished gentleman from New Jersey [Mr. KEAN].

(Mr. KEAN asked and was given permission to revise and extend his remarks.)

Mr. KEAN. Mr. Chairman, I support this bill wholeheartedly. It carries out all of the basic recommendations made by President Eisenhower in his social-security message of January 14. It emphasizes his basic philosophy which is to be conservative in financial matters—but liberal in respect to human problems.

Included in it are provisions which I have advocated for many years.

It was in 1948 that I first introduced a bill which would grant that almost universal coverage provided here, for I have long felt that no social-security system could be sound with so many workers remaining uncovered. But the party in power would have none of it. They insisted on the piecemeal approach. So workers have continued to go in and out of covered employment and the result has been that benefits in many cases have been niggardly.

The need for substantial old age assistance payments by the Federal Government continued high and every time we wish to take in new groups we are faced with difficulties as to how to do so without impairing their future benefits.

Finally in this Republican bill, coverage does become almost universal. However coverage of physicians was stricken from the bill by the committee. I am unable to see any justification in the philosophy that only physicians should be deprived of the benefits of this system.

Though it is my firm belief that the majority of doctors—in my area at least—do want to come into the system, why, even if they did not should this comparatively small group be excluded.

At some future time when doctors fully understand the system they will undoubtedly clamor to be covered and when they do so it will be difficult to bring them in without some loss of their benefits, for certainly we cannot include a new start or put in a new drop-out provision for only 150,000 persons.

But enough of what is wrong in this bill. This slight mistake is overwhelmingly outweighed by the many improvements provided.

We have made coverage almost universal.

We have made possible inclusion of nearly all of the State and municipal employees who wish to be covered.

No longer will workers go in and out of covered employment and thus have so spotty a wage record that their benefits will be negligible.

We have increased benefits substantially for both those who retire in the future and those who have retired in the past so that they are more realistic with respect to present wage scales.

In my own State—New Jersey—residents covered by old-age and survivors insurance will receive an additional $20 million a year in benefits.

We have increased the maximum family benefits to take care of the children of those whose breadwinner has died.

We have provided a more liberal retirement test.

We have arranged that those who become totally disabled will not suffer loss in their wage record as a result, so that their social-security benefits will be based on their earnings when they had good health.

We have provided encouragement for these disabled to become rehabilitated.

No more will years of temporary illness or temporary unemployment reduce their benefits for the dropout will take care of this.

The Ways and Means Committee and the Eisenhower administration can be proud of what this bill does for the aged and their survivors.

Our committee gave very careful consideration to numerous proposals for radical changes in the social-security program. We carefully considered arguments advanced by advocates of these proposals and turned them down.

We accepted and strengthened the fundamental principles of the program advocated by President Eisenhower—that the system should be maintained on a contributory basis and that the benefits should be related to wages. All proposals for weakening the contributory insurance principle of the system were defeated.

A more detailed summary of the improvements in the bill follows. I quote in part from the committee report:

SUMMARY OF THE BILL

A. Old-age and survivors insurance

1. Extension of coverage: Old-age and survivors insurance coverage would be extended to approximately 9.5 million persons who work during the course of a year in jobs now excluded from the program. The groups brought into the program under the bill are as follows:

(a) Self-employed farm operators whose net earnings from farm self-employment total $400 or more in a year (about 3.6 million), $400 or more in a year (about 3.6 million), with a special provision to make it easier for low-income farm operators to compute their net earnings.

(b) Most professional self-employed persons now excluded whose net earnings from professional self-employment total $400 or more in a year, including lawyers, dentists, architects, engineers accountants, funeral directors, osteopaths, chiropractors, veterinarians, naturopaths, optometrists, ministers, and Christian Science practitioners (about 400,000). Self-employed physicians would remain excluded.

(c) Employees of State and local governments who are covered by State and local retirement systems (other than policemen and firemen), under voluntary agreements between the State and the Federal Government, if a majority of the members of the system vote in a referendum and two-thirds of those who vote favor coverage (about 3.5 million).

(d) Farm workers who are paid at least $200 by a given employer in a calendar year (about 1.3 million), with special provisions to make it easier for the farm employer to report his employees and to gear in the annual test with the quarterly insured status requirements.

(e) Domestic workers in private homes (and others who perform work not in the course of the employer's trade or business) who are paid $50 in cash wages by an employer in a calendar quarter but who do not meet the 24-day test in the present law (about 250,000).

(f) Ministers and members of religious orders employed by nonprofit organizations if the organization elects to cover them and if at least two-thirds of the ministers and members of religious orders employed by the organization elect to be covered (about 250,000).

(g) Most Federal employees not covered by retirement systems, including temporary employees in the field service of the Post Office Department, census-taking employees of the Bureau of the Census, civilian employees of Coast Guard post exchanges, and certain other groups, and also employees of district Federal home loan banks and of the Tennessee Valley Authority who have a retirement system (about 150,000).

(h) American citizens employed outside of the United States by foreign subsidiaries of American employers (about 100,000); they would be covered under voluntary agreements between the Federal Government and the parent American company.

(i) Home workers now excluded from employee coverage (although they may be covered as self-employed persons) because the services they perform are not subject to State licensing laws (about 100,000).

(j) Employees engaged in fishing and related activities (about 50,000) either on vessels of 10 net tons or less or on shore (other fishermen are now covered.)

(k) American citizens employed by American employers on vessels and aircraft of foreign registry.

2. Computation of average monthly wage: Up to 5 years in which earnings were lowest (or nonexistent) could be dropped from the computation of the average monthly wage. The computation would be simplified by the use of standard beginning-of-the-year starting and closing dates, with computations based on whole years.

3. Earnings base: The total annual earnings on which benefits would be computed and contributions paid is raised from $3,600 to $4,200.

4. Increase in benefits: (a) More than 6 million persons now on the benefit rolls would have their benefits increased. The average increase for retired workers would be about $6, with proportionate increases for dependents and survivors. The range in primary insurance amounts would be $30 to $98.50, as compared to $25 to $85 under present law.

(b) Persons who retire or die in the future would, in general, have their benefits computed by the following new formula: (i) 55 percent of the first $110 of average monthly wage (rather than $100, as in present law) plus 20 percent of the next $240 (rather than 15 percent of the next $200); (ii) the minimum monthly benefit amount for a retired worker would be $30, and the minimum amount payable to a survivor, where only one such person was entitled to benefits on the deceased insured person's earnings, would be $30; (iii) the maximum family benefit of $168.75 under existing law would be raised to $200; (iv) the provision in present law that total family benefits cannot exceed 80 percent of the worker's average monthly wage would be retained, but this provision would not reduce total family benefits below 1½ times the insured worker's primary insurance amount or $50, whichever is the greater; and (v) lump-sum death payments could not exceed $255.

5. Limitation on earnings of beneficiaries: The earnings limitation on beneficiaries under age 75 would be made the same for wage earners and self-employed persons. A beneficiary could earn as much as $1,000 in a year in any employment, covered or noncovered. He would lose 1 month's benefit for each unit of $80 (or fraction thereof) of earnings (covered or noncovered) in excess of $1,000, but in no case would he lose benefits for months in which he neither earned more than $80 nor rendered substantial services in self-employment. Beneficiaries residing in foreign countries would have their benefits suspended for any month in which they worked on 7 or more days.

6. Eligibility for benefits: (a) In addition to the present requirements for fully insured status, an individual would be fully insured if all the quarters elapsing after 1954 and up to the quarter of his death or attainment of age 65 were quarters of coverage, provided he had at least 6 quarters after 1954.

(b) Benefits would be paid to the surviving aged widow, widowed mother, and children, and parents of any individual who died prior to September 1, 1950, and had at least six quarters of coverage.

7. Preservation of benefit rights for disabled: The period during which an individual was totally disabled would be excluded in determining his insured status and the amount of benefits payable to him upon retirement or to his survivors in the event of his death. Determinations of disability would be made by State vocational rehabilitation agencies or other appropriate State agencies pursuant to agreements with the Secretary of Health, Education, and Welfare.

8. Recomputation of benefits for work after entitlement: An individual may have his benefit recomputed to take into account additional earnings after entitlement if he has covered earnings of at least $1,000 in a year after 1953 and after the year in which the individual's benefit was last computed.

9. Financing of OASI: Employers and employees will continue to share equally, with the rate on each being as follows:

Calendar years:	Rate (percent)
1954–59	2
1960–64	2½
1965–69	3
1970–74	3½
1975 and after	4

The self-employed would pay 1½ times the above rates.

B. Public assistance

1. The provisions of the 1952 amendments, presently scheduled to expire at the close of September 30, 1954, with respect to Federal payments to States for old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled are extended through September 30, 1955.

GENERAL STATEMENT

Our committee considered all aspects of the old-age and survivors insurance program. We agree with the statement of President Eisenhower in his message to the Congress that—

Despite shortcomings which can be corrected, this system is basically sound. It should remain, as it has been, the cornerstone of the Government's programs to promote the economic security of the individual.

A major shortcoming of the program is its inadequate coverage. As long as coverage is not substantially universal, large numbers of people reaching age 65 will be either wholly without the protection the program affords or eligible for benefits which are reduced because they are based on only part of the individual's earnings. Our committee is recommending substantially universal coverage.

Extension of coverage is fundamental to securing for the future an appropriate relationship between the old-age and survivors insurance and the old-age assistance programs. Old-age and survivors insurance has responsibility for providing basic protection against dependency for the aged retired worker and his dependents and for the dependent survivors of workers who die. Old-age assistance is the second line of defense. After the extension of coverage in 1950, which brought some 10 million additional workers under the system, the percentage of aged receiving old-age and survivors insurance benefits increased rapidly while old-age assistance declined. In 1950, 225 out of every 1,000 aged persons in the country were receiving old-age assistance and 171 were receiving old-age and survivors insurance. By the end of 1953, 190 out of every 1,000 aged persons were receiving old-age assistance as compared to 344 receiving old-age and survivors insurance benefits. With the further extension of coverage recommended by the committee, it is estimated that 75 percent of all persons over 65 will be eligible for old-age insurance benefits by 1960 as compared to 47 percent at the present time.

The committee regards the extension of coverage to the farm population as of special significance. A little over one-half of the presently noncovered groups are farmers and farm workers. In counties where more than 50 percent of the population live on farms, 31 percent of the aged are now receiving old-age assistance and 13 percent old-age and survivors insurance. In nonfarm coun-

ties, on the other hand, only 17 percent receive old-age assistance while 36 percent receive old-age and survivors insurance benefits. These data graphically illustrate the fact that where coverage of the program is more complete, old-age assistance more nearly assumes its proper role as a supplementary program. With extension of old-age and survivors insurance coverage to farmers and farm workers, these workers will be building up their own old-age security by the contributions they make during their working years.

Another advantage of extending coverage to these and other groups now outside the system is that not only more of the aged but also more of the young widows and children will be receiving their benefits without a means test. Because their benefits flow from contributions, old-age and survivors insurance beneficiaries are able to maintain a sense of their own continued independence and of their dignity and worth as individuals, even though their support from earnings has been cut off by the retirement or death of the insured worker. The knowledge that benefits will be paid irrespective of whether the individual is in need supports and stimulates his own thrift and initiative, since he can add his personal savings, pensions he may receive as a result of his work, and the insurance he buys for himself to the basic security he acquires under old-age and survivors insurance. His benefits are related to his past earnings and therefore to his contribution to the Nation's production. The conditions of eligibility and the method of computing benefits are determined by law and are legally enforceable. These basic characteristics of the program are in the best American tradition and consistent with the general economic incentives of a free enterprise system.

The protection afforded by the program may be considered adequate only when benefits are high enough so most beneficiaries will not have to apply for public assistance for the ordinary expenses of living. A first step in accomplishing this objective is to correct the conditions which result in very low benefits which some individuals receive under the program.

The committee's recommendations attack the root causes for most of these low benefits, through provisions assuring that benefits will more realistically reflect the individual's actual earnings on which he customarily depends for his support. Extension of coverage will in itself contrbute to a more adequate level of benefits payments by assuring that all of an individual's earnings can be counted toward his benefit payments, regardless of his type of work. Further than this, allowance is made for disregarding limited periods of low or no earnings usually occasioned by short-term absence from covered work. Such periods should not be permitted to distort the level of earnings used as the basis for benefit computation.

Long periods of absence from covered work generally indicate that the individual has not been dependent on his own work earnings for support, and benefits are properly reduced or not paid under such circumstances. An important exception to this principle, however, is in the case of workers who are forced out of employment by reason of a total disiablity lasting for an extended period of time. The committee bill includes special provisions to prevent loss or reduction of benefit rights on acount of such disability. Prompt steps should also be taken to help disabled persons to return to self-supporting employment wherever possible. The special provisions included in the bill are expected to stimulate greater efforts in the State vocational rehabilitation programs by increasing the referral of handicapped persons to those programs.

The goal of providing reasonable protection through the benefits paid under the old-age and survivors insurance system further requires that the level of benefits be kept reasonably current with changes in economic conditions. Benefits need to be adjusted when wages and prices rise.

In recommending increased benefits, the committee has been conscious of the importance of preserving the wage-related character of the old-age and survivors insurance system, and of accomplishing these increases in such a way as to preserve a reasonable differential between minimum and maximum benefits related to differences in individual earnings. Differential wage payments in our economy reflect differences in individual productivity, differences in costs of living in the various sections of the country, and differences in individual standards of living. It is consistent with our type of economic system that the benefits under the social insurance system should reflect these differences.

Our committee was overwhelmingly of the belief that the program should continue to pay benefits to insured workers who are 65 years of age and over only when they are substantially retired from gainful employment. Our committee believes, however, that more recognition should be given to the value of retired workers of continuing to do some work to the extent they are able. Older people should be freer than at present to take part-time, intermittent, or seasonal work after they retire without losing their benefits. The bill contains, therefore, a more liberal and flexible test, applied on an annual basis, for wage earners as well as for self-employed persons. An increase in the amount that a retired worker may earn while continuing to receive his benefits is provided.

I am especially gratified that the bill includes so many of provisions which I have been recommending for a number of years. I introduced bills to improve the social-security program in the 80th Congress in 1948, again in 1949, 1950, 1952, 1953, and 1954. The bills I have introduced have provided for extended coverage, increased benefits, and a liberalized retirement test—all these are in the bill before the House today.

COVERAGE OF STATE AND LOCAL EMPLOYEES

The bill extends the opportunity for 3.5 million State and local employees to be covered under OASI. In general, the provisions are almost identical with those contained in the bill as originally introduced. However, there is one new provision which I proposed in the committee and which has been added, namely, to permit the coverage of persons who are in positions covered by a retirement system but who are not actually members of the retirement system. There are many such persons in New Jersey who because of age or other reasons cannot become members of a retirement system. Under the amendment included in the bill, they could obtain OASI coverage, irrespective of whether those in covered positions come under the OASI program.

WAIVER OF PREMIUM FOR DISABLED

I am especially proud of the fact that the bill includes a waiver of premium for persons who become totally disabled for an extended period of time. I introduced a bill with such a provision in 1952 and the House passed the provision in 1952. The provision did not become effective. Our committee has restudied the entire question and given consideration to the administrative problems and objections made to the proposal. We have ironed out the difficulties and have included a provision which the committee and the Department of Health, Education, and Welfare are convinced is sound and workable. The provision is one which will eliminate one of the basic defects in the present law.

I am convinced that the provision can be administered on an economical and efficient basis and will expedite rehabilitation of many disabled persons. Private insurance companies have had long experience in administering waiver of premium provisions. State vocational rehabilitation offices, State workmen's compensation agencies, and State welfare departments all have had experience in administering related programs and working out satisfactory relations with doctors and hospitals.

The following is a summary taken from the committee report of the waiver-of-premium provision in the bill:

SUMMARY OF PROVISIONS IN BILL FOR PRESERVATION OF BENEFIT RIGHTS FOR DISABLED

A. Need for disability freeze

Under present law old-age and survivors insurance rights are impaired or may be lost entirely when workers suffer periods of total disability before reaching retirement age. Unless the worker is already permanently insured when he becomes disabled, he may have lost his fully insured status when he reaches retirement age because the entire period of his disability is included in the elapsed time which is the basis for determining his insured status. When benefit amounts are computed, whether for retirement benefits or survivor's benefits, his total earnings throughout his working lifetime are generally divided by the total elapsed time, including any periods of total disability, in determining his average monthly wage, on which monthly benefits are based. A freeze of old-age and survivors insurance rights during total disability would remove this disadvantage by preventing such periods of total disability from reducing or extinguishing rights to retirement and survivors' benefits.

Such a freeze provision is analogous to the waiver of premium commonly used in life and annuity insurance policies and to maintain the protection of these policies for the duration of the policyholder's disability.

One hundred and twenty life-insurance companies (many of the largest) operating in the United States offer a waiver-of-premium clause to both men and women carrying ordinary life insurance. One hundred and ten companies offer a waiver-of-premium clause in connection with term contracts. It has been estimated that about half of the standard ordinary life insurance issued currently is protected through waiver premium in the event of the disability of the insured.

B. Emphasis on rehabilitation

The committee recognizes the great advances in rehabilitation techniques made in recent years and appreciates the importance of rehabilitation efforts on behalf of disabled persons. It is a well-recognized truth that prompt referral of disabled persons for appropriate vocational rehabilitation services increases the effectiveness of such services and enhances the probability of success. The bill is framed to carry out your committee's objective that disabled individuals applying for disability determinations be promptly referred to State vocational rehabilitation agencies, to the end that as many disabled individuals as possible may be restored to gainful work.

C. Insured-status requirements

The insured-status requirements are intended to limit the freeze to individuals who have had a reasonably long as well as recent record of covered earnings. They operate to exclude those who have not established a reasonably substantial attachment to the labor force and those who had left the labor force before becoming disabled. This provision is necessary to exclude individuals who had voluntarily retired from gainful activity, and had not been compelled to leave the labor force by reason of their disability.

D. Definition of disability

Only those individuals who are totally disabled by illness, injury, or other physical or mental impairment which can be expected to be of long-continued and indefinite duration may qualify for the freeze. The impairment must be medically determinable and preclude the individual from performing any substantially gainful work. Individuals who are blind, as measured by the prescribed test of blindness, are also deemed to be disabled for purposes of the freeze. Those who suffer impairment of vision sufficient to qualify under the general definition of disability may, however, be considered disabled even though they do not meet the prescribed test of blindness.

There are two aspects to disability evaluation: The physical or mental impairment must be (1) of a nature and degree of severity to justify consideration of its alleged casual connection with failure to obtain any substantially gainful work, and (2) it must actually result in loss of substantially gainful work (recognizing, of course, that efforts toward rehabilitation will not be considered to interrupt a spell of disability until the restoration of the individual is an accomplished fact). Standards for evaluating the severity of disabling conditions will be prepared by the Department. They will reflect the requirement that the individual be disabled not only for his usual work but also for any type of substantially gainful activity.

Disability must have lasted for 6 months before it may be considered for the freeze. This provision is intended to help exclude from consideration temporary conditions which terminate within 6 months.

In prescribing that the freeze apply only in the case of impairments "which can be expected to be of long-continued and indefinite duration" the committee seeks to assure that only long-lasting impairments are covered. At the end of the waiting period it will usually not be difficult to discern definite signs that the disability will terminate shortly or to decide that it will continue indefinitely. This provision is not inconsistent with efforts toward rehabilitation since it refers only to the duration of the impairment and does not require a prediction of future actual employment. Under this provision, an individual would not meet the definition of disability if he can, by reasonable effort and with safety to himself, achieve recovery or reduction of the harmful symptoms or handicapping effects of his condition.

E. Determination of disability

By and large, determinations of disability will be made by State agencies, administering plans approved under the Vocational Rehabilitation Act. This would serve the dual purpose of encouraging rehabilitation contacts by disabled persons and would offer the advantages of the medical and vocational case development undertaken routinely by the rehabilitation agencies. These agencies have well established relationships with the medical profession and would remove the major load of case development from the Department without undertaking any onerous responsibilities.

By agreement, the State agencies will apply the standards developed by the Department for evaluating severity of impairments for purposes of the freeze. This will promote equal treatment of all disabled individuals under the OASI system in all States.

In a relatively few cases where there is no agreement with a State or there is delay in obtaining agreement, disability determinations will be made by the Department. There may also be certain types or classes of cases which, because of their characteristics or their volume (e. g., the backlog), might be handled more effectively by the Department. The cost to these agencies for their services in making disability determinations will be met out of the trust fund.

F. Effective dates

January 1, 1955, has been specified as the earliest date a disability freeze application can be accepted in order to give the Department of Health, Education, and Welfare time to prepare its forms and procedures and negotiate necessary agreements with State agencies. An individual who files a freeze application before July 1, 1955, must, however, be alive and disabled on July 1, 1955, in order to get a period of disability.

Until July 1, 1957, a disability freeze application could establish a period of disability beginning on the earliest date the individual was disabled and met the covered work requirements described above. This means that an individual who was disabled as early as the fourth quarter of 1941 could establish a period of disability provided he was continuously disabled and filed a disability freeze application before July 1, 1957. Despite the administrative difficulties created, your committee feels that the large number of persons who have been totally disabled for several years before the enactment of this provision should be included in the group receiving the advantages of the freeze provision, but only for the period of disability continuing to the date of application.

Benefit increases for disabled individuals already on the benefit rolls would be payable beginning July 1955. Newly entitled persons would be able to have their benefits computed with the exclusion of a period of disability, beginning with the month of July 1955. Survivors of workers who died after having qualified for a period of disability would receive increased benefits.

A period of 6 months is provided between the earliest filing date and the effective month of benefit increases based on the freeze in order to avoid the premium on immediate filings after enactment. This will also promote administrative efficiency by spreading the initial peak workload of freeze applications.

FINANCING

Our committee considered the financial aspects of the program very carefully and is convinced that old-age and survivors insurance should continue to be a self-sustaining program and that the schedule of contribution rates should be such as reasonably can be expected to be sufficient to support the program indefinitely including interest earnings on the reserves.

The basic principle underlying the committee's thinking is that the program should be self-sustaining on the basis of contributions shared equally by employers and employees, with the maximum contributions required to be no higher than the value of the benefits provided for those covered workers who pay the maximum contributions. The present schedule of contribution rates was established with these policies in mind. Recent estimates based on changing conditions made by the Chief Actuary of the Social Security Administration indicated that the rates provided for under the present program in the distant future might in the distant future possibly fall about one-half of 1 percent short of meeting the objective of keeping the existing program as amended in 1950 and 1952 in actuarial balance. Later estimates, based upon more realistic and up-to-date interest rates, employment and earnings levels, may indicate that the present schedule of rates will not fall short of providing for a self-sustaining program. But we nevertheless felt it would be well to increase the contribution rates to avoid any possible charge that the program is not completely self-supporting.

The net effect of the changes in this bill, some of which would increase long-range costs and some of which would decrease them, is an increase in the long-range costs of the program by a little over one-half of 1 percent of covered payroll.

Although the increase in contribution rates from 3¼ percent each on employer and employee in 1970 and thereafter to 3½ percent each (with corresponding increases for the self-employed) as provided in the original bill would come close to meeting the costs of the amendments proposed in the bill we are now reporting, we believe that our policy should be one of utmost prudence in this area and that consequently the long-range schedule of old-age and survivors insurance contributions should be adjusted so as to meet fully the additional costs of the amendments now proposed and also to cover fully any deficiency which may exist in the financing of the present program. With this in mind we have proposed that the scheduled rates on employer and employee in 1970 be raised from 3¼ to 3½ percent and that in 1975 and thereafter the rate be increased to 4 percent.

PUBLIC ASSISTANCE

The bill amends the existing law by extending through September 30, 1955, the provisions of the 1952 amendments, presently scheduled to expire at the close of September 30, 1954, with respect to Federal payments to States for public-

assistance programs. This extension will assure the States that they will continue to receive the $5 increase for old-age assistance which they have been getting the last 2 years. The Federal share in old-age assistance, aid to the blind, and aid to the permanently and totally disabled will continue to be four-fifths of the first $25 of a State's average monthly payment per recipient, plus one-half of the remainder within individual maximums of $55. For aid to dependent children the Federal share will continue to be four-fifths of the first $15 of a State's average monthly payment per recipient, plus one-half of the remainder within individual maximums of $30 for the adult, $30 for the first child, and $21 for each additional child in a family.

CONCLUSIONS

The substantial improvements included in the bill do not mean that we have made all the improvements that may be necessary or desirable in the future.

I hope that we will be able to give further consideration to the coverage of doctors.

Credits for military service expire June 30, 1955. I believe we might give consideration to extension of coverage of military service as contained in the proposal recommended by the Committee on Federal retirement.

After we have had experience with the liberalized retirement test in the bill, I hope we can give further consideration to additional improvements in the test.

We must also always keep in mind that the insurance program must be amended from time to time so as to keep pace with changing economic conditions. We must be sure that the benefits are realistic in terms of prevailing standards. We must see that the benefit formula, the minimum and maximum benefits and the maximum wage base are such that they make for an effective contributory insurance plan which realistically relates benefits to wages.

I believe that it is of vital importance for us to retain the contributory program and its wage related character. In this way, the system enables persons to receive benefits as a matter of right, in dignity and self-respect. The system reinforces the competitive and incentive aspects of our economy by relating benefits to the persons earnings. Within reasonable limits, the more a person earns, the more he receives in benefits. This is in harmony with our American concepts of personal initiative and responsibility. It provides for rewards in accordance with ability while at the same time recognizing the social responsibility for assuring a decent minimum to our retired aged and our widows and orphans.

Mr. SCHENCK. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Ohio.

Mr. SCHENCK. Mr. Chairman, if the teachers in one school district of a State elected to come under this program, it is not necessary to apply that universally all over the State?

Mr. KEAN. That is up to the State.

Mr. SCHENCK. Does the local school board, whether it may be a city board or a township or district board, or whatever it may be, also have to approve?

Mr. KEAN. That is again a State regulation. We deal only with the State. Our purpose is to refer it to groups so organized. Those groups will have to vote.

Mr. SCHENCK. You have set up in this bill a provision that the teachers may vote on the question?

Mr. KEAN. That is right.

Mr. SCHENCK. If the teachers do vote to go under this plan, is the approval of the board of education also necessary?

Mr. KEAN. The approval of the State is necessary.

Mr. SCHENCK. The State official?

Mr. KEAN. Yes.

Mr. SCHENCK. Now in the case of county employees who may work under several different directions—I mean, they may be under the county clerk, the auditor, the treasurer, and so on, each of whom may employ his own people and the employees are paid out of county funds—may certain officers go under the plan and other officers not go under the plan?

Mr. KEAN. The gentleman is talking about groups that are covered by public employees' retirement?

Mr. SCHENCK. Yes.

Mr. KEAN. It is up to the State to decide which group will be those who can vote.

Mr. SCHENCK. If they do elect to go under the program they must make the proper contributions?

Mr. KEAN. Yes. The State guarantees the contribution is made.

Mr. SCHENCK. Then they would receive 2 benefits if there are 2 benefits.

Mr. HAND. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from New Jersey.

Mr. HAND. I hope the gentleman will forgive me for saying that I think he ought to be complimented for the long, hard, and intelligent work that he has done on this particular bill. I do not know of any Member of the House who has labored on it harder. In my opinion, the House recognizes the splendid work the gentleman has done.

Mr. McGREGOR. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Ohio.

Mr. McGREGOR. It is my understanding that before any of the State organizations can come under this legislation, for instance, the teachers in the State of Ohio, it will require legislation by the State legislature?

Mr. KEAN. By the State of Ohio.

Mr. McGREGOR. I thank the gentleman.

Mr. BYRNES of Wisconsin. I think it should be pointed out it does not necessarily mean that the State legislature has to act. The Governor may.

Mr. KEAN. The State has to act. Probably under the Ohio laws the State legislature would have to act. It would in the case of New Jersey. It all depends on your State laws. The Federal Government did not want to deal with every little municipality and county in the State, so when we passed the original bill providing for coverage of municipal or State employees in 1950, we provided that we would deal only with the State and the State would deal with its own subdivisions.

Mr. McGREGOR. I think the gentleman answered me correctly, because in Ohio it would probably require State legislation.

Mr. McVEY. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Illinois.

Mr. McVEY. Does the gentleman mean, in the case of teachers, that they could come under the social-security law of the State or of the Nation?

Mr. KEAN. By referendum, by groups that wish to be covered. For instance, in our State, it might be a group in some certain community or the teachers in that community that, by a two-thirds vote, would wish to come in. If they did that, they would go to the State and ask the State to make a compact with the Federal Government.

Mr. McVEY. Would that be decided by communities?

Mr. KEAN. By a two-thirds vote.

Mr. McVEY. Of the community?

Mr. KEAN. No; of those to be covered.

Mr. McVEY. Of the teachers?

Mr. KEAN. That is right.

Mr. JONAS of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. JONAS of North Carolina. Did the committee give any consideration to relieving young women from losing the money they pay in after they work for a number of years and then marry and get out of the labor market?

Mr. KEAN. No. Of course, a lot of them get back into the labor market. It is perfectly true that some of the young women may work for 2 or 3 years and make some contributions into the social-security fund and then never get any benefits from it, but sometimes some of those benefits paid for at a younger age, especially if they become permanently insured, help them out when they reach the age of 65.

Mr. JONAS of North Carolina. Was any effort made to get the committee to consider that group of people?

Mr. KEAN. No. In the actuarial working out of this whole system it is always figured that there will be certain people who contribute and are covered at that time but who do not get the benefits of the insurance coverage. It is like term insurance. These young women probably had mothers to support. If they had died while they were covered under the social-security system there would have been some benefits for the surviving mother.

Do not forget that this survivors' insurance is one of the greatest parts of this whole social-security system. If one of these doctors who did not want to

come in under the system would die at the age of 30 leaving 2 children under 18, his wife would have gotten $200 a month until the children reached 18. She would have collected $2,400 a year. If the children were only 2 and 3, she might have collected between $30,000 and $40,000. The doctors do not realize that or, as I said, they would have clamored to come in.

(Mr. HAND asked and was given permission to extend his remarks at this point in the RECORD).

Mr. HAND. Mr. Chairman, a moment ago I interrupted my colleague, the gentleman from New Jersey [Mr. KEAN], to pay him what I thought a very deserved compliment. I think there is no man in Congress who has worked harder than he to continually improve our social-security system. Indeed, the bill which is now before us represents in a very large measure the efforts he has made over a period of the last 6 or more years.

As is virtually always the case in legislative proposals, there are some further measures which could have been incorporated which would have pleased me, but on the whole, this is an excellent bill, a great improvement to the old-age and survivors insurance statute, and I am pleased to have the opportunity to support it and vote for it.

After the bill passes the House today, it will be referred to the Senate, and when finally adopted will certainly meet with President Eisenhower's hearty approval since the bill closely follows his program and his recommendation.

When the time comes that it is enacted into law, I hope to have the privilege of speaking on it again in some detail.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. BARRETT].

[Mr. BARRETT addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Chairman, I am happy to support the bill before us. I am happy to note particularly that so many of our Republican friends who have been fighting against the social-security system each time it came to the floor of the House have finally seen the light and are supporting this bill. It is a meritorious bill, although it really does not go far enough, but I realize that it is placing the stamp of approval on that which the Democrats have put on the books over the years and which the people generally have been asking for, have been supporting, and have been urging us to improve.

It is true that in the last campaign the Republicans made the statement that if they were elected to office they would improve the social-security system. This is a very feeble gesture on their part. There are some improvements but they are very limited.

I cite as one example the work clause. For years now I have been introducing legislation urging that the work clause be eliminated completely so that a person who has reached age 65 and is drawing benefits will not be penalized because he goes out and does a little work and earns a few dollars.

The gesture in this bill simply provides that instead of being permitted to earn $900 a year without the penalty features they can go up to $1,000, but if they go to $1,080, for the extra $80 they lose as a penalty a month's benefits. That is but one example.

One thing I am happy to see, and again it is only in a limited form, is that the so-called McFarland amendment is being extended for 1 year. That is the public assistance temporary increase of $5, which was voted some years ago and which was scheduled to expire this coming September. Nothing was being done about renewing this legislation. The indications were that this particular provision would be permitted to expire in September, but after my May 4 introduction of a bill providing for its extension I noted that on one of the days that I was not present in the committee one of my good Republican friends offered such an amendment and it was included in the bill, so that this public assistance increase will be continued for 1 more year.

I want to make mention of one other fact, that is, that had it not been for the Democratic votes in the committee the wage base would not have been raised to $4,200 as it is in this bill. To the Democrats goes the credit for the increase in the wage base, and therefore to them goes the credit for the increase in benefits which is made possible under that $4,200 wage base.

Yes, Mr. Chairman, I am happy to support this bill. I hope that this is only the first step in the right direction that our Republican friends are taking insofar as social security is concerned.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, I am witnessing today something which I never thought possible. The traditional opposition of the Republican Party to the social security insurance system from its very inception all the way through the last amendments which were made to it is historic and well known. The answer is obvious—they have been forced by the weight of public opinion into supporting the amendments proposed here today.

The social-security system, which was originated by the Democrats in 1935, has had every adjective in the book thrown at it. These have ranged from socialism to cruel hoax. Now they have finally realized that the social-security system is well accepted and very popular with the people, and so have been compelled to support improvements within the basic framework of the system.

I need only remind you that it was only last year that the President himself recommended that the social security tax rates be frozen at 1½ percent so as to put the program, in his words, "more nearly on a pay-as-you-go basis." It was freely predicted by prominent administration supporters as late as last summer that the Congress would freeze the rates. A fanfare of publicity was given to this proposed freeze, but when the people of the country rose up in arms and violently protested, the Republicans, against their own convictions, changed their minds and decided to allow the tax rate increase as provided for in the present law.

We all recall that the freezes in the social security tax rates in the past were sponsored by a Republican. The argument has always been that the rates should be frozen so as to reduce pressure for liberalized and more adequate benefits. These arguments have always been advanced by those who have traditionally opposed social security. And it was Republicans who always overwhelmingly voted for these freezes. In 1942 they voted 26 to 1 for the freeze in the Senate; in the early part of 1944, 28 to 1; and in the latter part of 1944, 26 to 3. In 1944, in the House they voted to adopt the freeze 165 to 6.

It is votes on indirect issues such as these which really show attitudes on social security. In recent years they have not dared make the direct attacks which they did in the beginning of the program. These indirect attacks, however, as we well know, can be just as detrimental to a sound social security program as direct attacks.

Despite the attitude of the now majority party as manifested in public records, they have claimed in late years that they are only interested in improving the program. We have just had a very recent experience with that in the Committee on Ways and Means. A recent press release by one of the most prominent of all of them expressed gratification that "the Republicans have been able to provide these substantial increases in benefits." It is my prediction here and now that this statement is an indication of things to come in the election campaigns this year, wherein credit for all the improvements in the pending bill will be sought by the present majority party. That is one reason I think it highly important that the people be reminded again of the record on social security.

Of many significant instances, let me relate just one. We know of the agitation and tremendous pressures brought in an attempt to hold the present wage base at $3,600. If these had succeeded, it would inevitably have meant lesser benefits. Without the traditional and, may I say, expected help from the Democrats on our committee, the benefit amounts would be considerably less than the bill now provides.

I am bringing these facts to your attention, and to the attention of the public, because I think it is only fair that you and the people know the truth about attitudes on social security. I invite your attention to a speech which I made on June 16, 1952, at pages 7300 through 7303 of the CONGRESSIONAL RECORD, wherein I set forth in some detail the record of opposition to social security.

The facts which I have set forth there are enlightening. Among other things, I pointed out that when the social-security system was being established in 1935, every minority member of the Committee on Ways and Means signed a minority report claiming that the provision for what have now become known as old-age insurance benefits was unconstitutional; that they would in no way contribute to the relief of economic conditions and might, in fact, retard economic recovery; that they would impose a crushing burden upon industry and upon labor; that they would establish a bureaucracy in the field of insurance in competition with private business, and finally that they would destroy the old-age retirement systems set up by private industries. It is hard for us to conceive, in light of present day circumstances, of anyone having ever made such fantastic statements, but they are a matter of record which no one can deny.

In 1935, on the floor of the House, the then ranking minority member moved to strike out the provision for old-age benefits, and in support of the motion it was said by another prominent member of the committee:

> Now, my colleagues, you know that what you are attempting to do is unconstitutional, and you know that is the reason title II and title VIII ought to be eliminated from the bill. They are not relief provisions and they are not going to bring any relief to the destitute or needy now nor for years to come. It is more of your compulsory, arbitrary, program * * *. This title ought to be removed from the bill.

Equally strong in opposition in 1935 on the floor were practically all of the then minority, one of them contending it would enslave workers.

The fight against social security was an issue in the Presidential campaign in 1936. Presidential candidate Mr. Landon came out against the social-security program and termed it a cruel hoax. The Republican National Committee in 1936 purchased radio time to fight the social-security program, and through its industry committee, composed of representatives of big business, carried out a sneak attack on the program by inserting stuffers in the pay envelopes of workers in October of 1936 in an effort to frighten them into voting for the repeal of the program. The results of the 1936 Presidential election were a resounding defeat for them. But you must give them credit—they did not stop there. All sorts of false rumors were circulated. I particularly remember the ones that each person would have to wear a dog tag around his neck, and the suggestion that social-security numbers be tattooed on workers. The fight was even carried to the Supreme Court, where the contention that the program was unconstitutional was rejected by a decision in 1937.

This is typical of opposition throughout the years and which you will find documented in my speech in 1952, already referred to.

Incidentally, what are the results of the Special Subcommittee on Social Security established early in 1953 for the purpose of making an objective study of the program, and which was given $100,000 to spend. Probably by this time the $100,000 has been spent, but personally I have been unable to see any result or locate any report or recommendations.

However, I must congratulate the subcommittee because results appear to have put to rest some erroneous conceptions about the program which were seemingly gaining some slight acceptance.

Just 2 years ago, amendments to the social-security statutes were presented on the floor, and I believe all of you will remember that because of the one amendment which provided that a person under coverage who became totally disabled should not suffer a decrease in benefits, the bill was rejected. Rejection occurred simply because the then minority violently opposed this idea. I am glad that this once-rejected idea is now being wholeheartedly embraced by those who were so violently opposed to it a short 2 years ago.

The measure before us today makes many needed improvements in the social-security program, although it does not go as far as I would like to see it go. It is my belief that the wage base should be increased to at least $4,800; that the work-clause test should be raised to $1,200 yearly; and that the greatest of all gaps in the program—lack of disability insurance benefits—should be filled at this time. Even with these shortcoming, I wholeheartedly support the bill.

All in all, I am indeed gratified that the present majority party has now seen the light and is following the lead and program espoused and advocated for so many years by the Democrats in Congress and by Presidents Harry S. Truman and Franklin D. Roosevelt. I heartily welcome their joinder with us and am happy over it for, as has been often said, "There is much joy in bringing the wayward into the fold."

Mr. Chairman, it occurred to me this morning that an incident of last week should be mentioned in the debate on this measure that is before us today. A certain gentleman, of whom I had scarcely heard before, and whom I am quite certain I have never met, gained headlines in the newspapers by proclaiming that the Democrats were now attempting to ride the coattails of President Eisenhower. I am wondering whether this measure now before us is evidence of the fact that the Republicans are now trying to ride the coattails of the Democratic program and the program for so many years advocated by President Roosevelt under the New Deal and by President Truman under the Fair Deal. Certainly no one will deny that they were strong advocates of the program which the Republicans are advocating today. Of course I give them credit for seeing the light, and I am very happy that they are joining with us, but I do not think that they should at this time attempt to take sole credit for all the improvements that are being actively supported today by both parties.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS of Nebraska. Mr. Chairman, many of us have long been interested in improving social security for all our aged citizens and for dependents and survivors. Social security—and I am here referring to title II of the act—is a program involving a tax on productive workers to provide funds for current benefits largely to those who because of advanced age can no longer support themselves, and also to those who because of death of the family breadwinner might otherwise be in need.

Under this bill, some 10 million more will now lend financial support to the program. Also that many workers may, by virtue of working in these newly covered occupations, gradually develop benefit rights for themselves, their dependents and survivors. This extension of coverage is a large step in the direction of making the program completely universal. Not until it is universal in all respects will we have achieved equal treatment for all our people.

This bill calls for an increase in the amount of earnings subject to the social security tax and on which the benefits are calculated. Moreover, the benefits have been increased. Since benefits are conceived as a so-called floor of protection to prevent need, I have felt that the increases should have been larger for those now receiving relatively small benefits. A very large proportion of our present aged now on the rolls are in this category. They are of advanced age, have been on the rolls for a number of years and hence have not reaped the advantage of the much higher wages of recent years. I wish more had been done for these worthy aged and without raising the wage base.

In our subcommittee hearings last year, several unfortunate and inequitable situations were brought to our attention. This bill corrects some of these. For example, under the present law widows and other survivors are entitled to benefits on the basis of as few as six quarters of coverage, provided the husband died after September 1, 1950. However, many widows and orphaned children are not entitled to benefits if the husband died prior to September 1, 1950, although he may have had many more than six quarters of coverage. This bill will correct this situation.

Under the present law, an eligible aged widow or aged dependent parent receives three-fourths of a primary benefit. Since the minimum primary benefit is $25 monthly, a substantial number of aged persons receive around $18 a month. Such a small amount cannot serve the social purpose that social-security benefits were designed for—that is, to prevent need. H. R. 9366 provides that the minimum benefit to a surviving family shall not be less than the minimum primary benefit, or $30 monthly called for in this measure.

I believe all of us look forward to the time when all our aged people and widowed mothers with dependent children will be eligible for these benefits paid without a means test. Reliance on old-

age relief is more prevalent in the rural States because many nonindustrial workers and the self-employed were not under social security for many years after the system was started. Because of this bill, this situation will be corrected in time. I hope that some measure will be devised to accelerate this process. While some important improvements remain to be accomplished, I recommend the passage of H. R. 9366.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Nebraska. I yield.

Mr. BYRNES of Wisconsin. Mr. Chairman, I want to take this occasion to compliment the gentleman and the subcommittee of which he is chairman which during the course of last year held hearings on this great subject, the hearings were most thorough and complete and developed a great deal of much-needed information on this subject, which I think has been helpful to a better understanding of the whole system to the members of the committee, to those who are administrators of it, and to the public generally.

I think the gentleman is entitled to a great deal of credit for the vast work which he has done.

Mr. CURTIS of Nebraska. I thank the gentleman from Wisconsin.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Nebraska. I yield.

Mr. KEAN. I also would like to say that the amendment for those widows before 1950 and the amendment setting a $30 minimum referred to in your remarks were suggested by the gentleman from Nebraska.

Mr. CURTIS of Nebraska. I thank the gentleman.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Nebraska. I yield.

Mr. REED of New York. I wish to compliment the gentleman for the conduct of his subcommittee and the facts they brought out which were so helpful in the framing of this bill.

Mr. CURTIS of Nebraska. I thank the gentleman.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Chairman, social security as we think of it today is only one of nine programs set up under the Social Security Act of 1935. Of the 9, 4 are programs of public assistance to the needy, 3 are children's service programs, and 2 are social-insurance programs. Of these two, one is the unemployment insurance program operated jointly by the Federal Government and the States. The other is the old-age and survivors' insurance program. This is the program that is generally and commonly referred to as social security, or sometimes it is referred to as OASI. That is the program we are considering here today.

The OASI program was originally restricted to wage earners in private industry and commerce. In January 1951, through a broad revision of the law, it was extended to regularly employed domestic workers, to some agricultural employees and under certain conditions to employees in nonprofit institutions. Also brought under coverage at that time were self-employed apart from farm operators and professional people.

The system has been a matter of continuing study on the part of private groups as well as by the Committee on Ways and Means and the Senate Finance Committee. These studies have demonstrated the need for these basic amendments to the act which we are considering here today.

I think it is of some interest to take a look at the population trends in the United States of America, because they, of course, are vital in the determination of this legislation. At the turn of the century, 1900, the minimum age was just 23. At the time of the last census, 1950, it had risen to over 30 years. As a matter of fact, in the decade between 1940 and 1950 the very young group and the very old group showed decided increases.

In the older-age group the figures may be of interest to you. Persons 65 years old and over increased from a little over 1 million in 1870 to about 9 million in 1940. Over the 70-year period the rate of increase for this group—that is, those over 65—was almost 700 percent, and far exceeded that of any other group in our society.

Some interesting projections have been made by those who study population trends. At the present time, for instance, there are 7.3 million people over 65 in our population. This is expected to increase as follows: By 1960 there will be almost 9 million people over 70, by 1970 people over 70 years of age will number about 12 million in our population; by 1980 the figure is estimated at 14½ million, by 1990 almost 17 million, and by the year 2000 almost 19 million.

These figures, in my judgment, describe better than anything that I can say the need for the enactment of these comprehensive amendments. It means that because of better nutrition, a better way of life, better food, more opportunities, less hardship, better medicine, better treatment, or the fruits of the American way, if you will, our people are living longer, and, having lived longer, then the problem of sustaining them becomes great.

I was particularly interested in the remarks made by the gentleman from Arkansas [Mr. MILLS], when he spoke about the necessity for covering farmers, farm operators, and farm workers, and so on.

If you will take the trouble, as the members of the Ways and Means Committee have, to study the figures on old-age assistance, sometimes called old-age pensions, and if you will compare the number of recipients in agricultural States with the number of recipients in industrial States, you will immediately recognize the need for some type of universal coverage; otherwise we will have as long as we live the system of old-age assistance.

What does this mean? It means that a person over 65 must go to a local welfare office where that person certifies to poverty, and upon investigation by a social worker or some other duly appointed official of the State in question that person is either put on the old-age assistance rolls or is not put on. In any event, that person in most cases has contributed nothing, and depending upon whether or not she or he can qualify to a certain degree of poverty he or she will obtain the benefits. Now, the number has varied from State to State. My State has had a very liberal system, and one that I approve of. But the net effect of it is that something like 70 people out of every hundred over 65 years of age are receiving old-age assistance. The only answer to it is to extend this system to cover all of our people gainfully employed in whatever form of activity they make their living, and as the program advances, as the fund is built up, then we will not have the necessity for a pauper's oath, but each man and each woman, as he or she reaches the minimum age, will, by right, have the privilege of participating in this program.

So, I am happy, Mr. Chairman, to support this bill. I am happy that my Republican friends have adopted this program. I think that when the President used this language, which I shall read to you, he approved the work that the then majority party had done to bring about this program. I quote from the President when he said this:

> Despite shortcomings, which can be corrected, this system is basically sound.

Now, I presume that he was replying to all of the propaganda that we had had about abolishing the trust fund and establishing a pay-as-you-go system, so-called. I quote again:

> It should remain as it has been, the cornerstone of the Government's program to promote the economic security of the individual. In offering, as I here do, certain measures for the expansion and improvement of this system, I am determined to preserve its basic principles. The two most important are (1) it is a contributory system, with both the worker and his employer making payments during the years of active work, and (2) the benefits received are related in part to the individual's earnings. To these sound principles our system owes much of its wide national acceptance.

I am very happy, Mr. Chairman, that this bill incorporates those principles which have been in the law since 1935.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I am going to strike a discordant note. All the speeches to date have been on the subject of how to spend money. The primary function of the Committee on Ways and Means is to figure out how to get the money that we spend. I have been a great admirer of the system in the Congress which provides for legislative committees to figure out the program and then come before the House with an authorization bill. At a later time the same matter is referred to the Committee on Appropriations for the appropriate amount of money necessary under the authorization, and then a third committee, of course, functions in trying to figure out the ways and means of obtaining this money that has been authorized and appropriated. The social-

security legislation, of course, in its early days incorporated all three into one, the authorization, the appropriation, and the finding of ways and means, and it was all referred to one committee. The tragedy here on the floor today—and I say tragedy—is the fact that the Committee on Ways and Means discusses how to spend money and talks about authorizing a program, and hardly a voice is raised as to where we are going to get that money.

Now, there was one little mention of how we are going to raise the money to do all these fine things that I myself will agree with, and I think I could get down here on the floor and picture human misery with the best of you, and how we might go about alleviating human misery, because God knows if we could I would be among those who would seek that goal. My question is, How do you do it? How, indeed, do you do it in this great society of ours that has produced such a high standard of living for our people? Believe me, I think it is through the private initiative and enterprise system, through encouraging the integrity of our own citizens. And so, indeed, the question comes before us—and that is not one of the things that we have been talking about—what we are going to do for our people; but my question is, How are we going to do it? Every one of the Members heard here one of the amendments that was put in the bill by the committee when it was found that some of these fine benefits we are going to give would make the program not actuarily sound, but not as actuarily sound as it has been in the past. I hope you will not that distinction, because constantly I have asked, Is the program actuarily sound in its inception? And, of course, the answer is, No; it is not; but it will be as actuarily sound as it is with all these benefits, with one exception. And that was taken care of by the amendment, because what did we do? The great Ways and Means Committee is here today recommending in this bill that we increase the tax rate. For 1954? No; for 1970 and for 1975. That is the way we are financing this program. That is, by taxing the future generations. And I say to you just where does this Congress in the year 1954 get the right or the privilege or the prerogative to tax our children and our grandchildren?

Indeed, that is what the whole program has been. That program, right now, for the people who are paying into social security, 87 million of them, is so actuarily unsound that $250 billion must come from another generation. That is the way we balance our books under this method of legislation. It is something to think about, and I am not going to dwell on it longer.

But I am going to say this, that a lot in this particular bill, in my opinion, is good; not because the program is fundamentally sound but simply because it eliminates a great many inequities.

Five-sixths of our people are now under the social-security program. The question before us was mainly this: are we going to continue to keep one-sixth out? If it is true that for every dollar paid in by a person in this generation they will get out $3, then why should five-sixths get the benefit to the exclusion of the other one-sixth? Or, if, indeed, this program is going to collapse, as it well might, unless we get down here and start thinking of ways and means, it will collapse by perhaps 1965. If it is that sort of thing, even then all of our population should be in it, not five-sixths with one-sixth excluded, but six-sixths.

Indeed, when our social-security subcommittee made its studies, we found that most of the inequities in the social-security system arose from the fact that five-sixths were in and one-sixth was out. And I was among those who were most ardent in trying to make this a total coverage so at least that particular feature of it would be eliminated. But I added one other thing—one important feature. I introduced a bill and tried to get it as an amendment into this particular bill; and had I gotten that amendment in a great deal of the questions that have been asked on the floor today would not be asked. My amendment simply said this: That if a person, any individual, whether he was a doctor or a lawyer or was self-employed or a laboring man—if he provides for his own social security through his own private program, then he is excused from social security. That would give the opportunity to any citizen in this country who sought to provide for his own security, which should be essentially a private endeavor—it would give him that opportunity and at the same time the Federal Government and our local governments would be protected against that person ever being a charge on the public, because my amendment required that he have an equivalent private program before he was excused from social security.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. ROGERS of Florida. I should like to ask the gentleman, how can he justify the limitation on the amount that a man may make after he retires if he makes it by being self-employed and does not compete in the labor market?

Mr. CURTIS of Missouri. I might answer that by saying that I do not justify it. I simply say that the theory behind social security, or one theory—they skip from theory to theory—one theory is to provide insurance for loss of earning capacity. If the man is actually earning money, whether he is self-employed or in the labor market as an employee, he has not experienced the disaster for which the insurance has been had.

Mr. ROGERS of Florida. But the gentleman believes, after a man has paid into the fund, he is entitled to receive the benefits?

Mr. CURTIS of Missouri. I might say that the people have not paid for it. That is the whole question. Future generations are going to pay for it. That man has paid part of it.

Mr. ROGERS of Florida. But those who have paid for it should be entitled to draw on it after they reach the age of 65; that is fundamental.

Mr. CURTIS of Missouri. It is not quite as fundamental as the gentleman might think. If this is indeed insurance it is to protect a person from loss of earnings, through reaching old age, or unemployment, or whatever it might be. If that is the purpose, then indeed the premium is paid for that, but if the person does not experience the culmination of the risk for which he is insuring himself then he should not be paid because he has not experienced the disaster. I think that is a logical theory.

Mr. ROGERS of Florida. If I go into private enterprise and take out insurance, when I become 65 years of age I can continue to go out and work and make as much as I want to. Why should there be any restriction on a man's benefits because of the fact he might make a little money from which he can enjoy some of the luxuries of life?

Mr. CURTIS of Missouri. I am simply stating the theory of the situation. The gentleman from Rhode Island commented on raising the wage limit, which I am interested in, too, and I am glad it was so raised. The labor leaders are the ones who have been the most ardent in opposing that increase because they want to keep this labor market free for their younger people coming up; and there is possibly some argument to that. I do not happen to agree with it.

I conclude my remarks by again emphasizing the fact that this is the Ways and Means Committee, which is supposed to be responsible to the rest of Congress for bringing out ways and means of financing these fine programs and having the courage to stand before the House when in its own honest judgment the ways and means have not been provided. The bill before us, however, does not make the program more actuarily unsound than it presently is. It does correct many inequities which should be corrected. In other ways it strengthens the program. I shall vote for it; but some day, my colleagues, some Ways and Means Committee, some Congress is going to have to dig into the real subject of how to finance what we have done. This present Congress is the only Congress which had the courage to allow the tax increase scheduled in the original legislation to remain. How many future Congresses will permit the tax increases scheduled on into 1975 and beyond to go into effect? How much reserve fund should we have—$18 billion or the two-hundred-billion-odd dollars we are liable to pay out over and above the moneys we will take in from the present 87 million paying into the fund? These questions will have to be answered and it is of no avail to say that those who pose these questions are trying to wreck the program. Indeed, it is those who pose these questions who might save it.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Chairman, this is a revolutionary age.

In every land, and under every form of political expression.

Throughout a generation of economic upheavals and wars, as the patterns of the past explode in change or adapt themselves to progress, the need for security against destitution has become the major concern of all peoples.

This ferment is at work in the urgent appeals made by constituents to their Representatives in Congress. From veterans' affairs to labor legislation, from the problems of Government employees to farm-aid programs, there are separate but similar efforts to eliminate insecurity.

Each human being is worried by the haunting specter of poverty in his old age.

So strong is this demand for social security that even the Republican Party is forced to recognize it. In the showdown, Democrats will support this bill because we pioneered in this type of legislation. We shall try to make it better by extending coverage and increasing benefits, but if too much caution prevails we shall nevertheless support H. R. 9366, reserving the right to improve upon it at the next session of Congress.

The morale of our own people is dependent upon their confidence in the present and the future.

What they ask is not excessive.

Just insurance to protect them from the financial hazards of old age.

No reasonable person can deny them this fundamental right derived from their efforts in building the material power of this Nation.

There is also the voice of conscience that must be answered.

"Conscience" in Government?

A few may try to maintain that this is an old-fashioned concept.

One look at the international scene, however, with its shifting expediencies, should be enough to convince any realistic person that compromise with truth and justice invites disaster.

So long as old people in the United States have no income to maintain a decent standard of living, our struggle for the minds of men to convince them that the solutions arrived at by free men are superior to the promises of communism will suffer from lack of performance.

The issue is clear.

We must remedy the weaknesses within our own society before we can win the allegiance of others to freedom's way.

To each person, social security, worthy of the name, provides a protection in old age that he has earned.

In the larger context, it is a solid example of the ability to alleviate those tensions and provide for basic human needs that would do much to eliminate the causes of desperate unrest and war.

Opportunities for youth, steady employment through the high tide of life, and security in old age, all these are musts to make freedom succeed.

For ourselves and for others.

The social-security revision program we have under consideration is deserving of praise for the advances it makes and of condemnation for its shortcomings.

The minimum increase from $25 to $30 in primary benefits is meager. The raising of maximum benefits from $85 to $98.50 for present beneficiaries, other benefits proportionately, is better.

Although it seems to many of us that the minimum should be much higher, so that good people will not have to go begging for public assistance which makes a mockery of social security.

No society that rewards the bold with fortunes, and reluctantly gives a $30 bone per month to the laborer or the farmer whose working days are over, is in a position to meet the challenges of this century.

Economically, it is putting a premium on aggression.

How, then, can it expect its own people to comprehend and resist with full faith those other and deadly forms of aggression that menace us?

Halfhearted and begrudging concessions to the imperatives of our age will not suffice.

Raising the minimum $5 and bringing a few million more under coverage is a step forward, but such a timid one.

Especially when a forthright and upward revision of the wage tax base would finance complete coverage and adequate benefits in a sound and solvent manner.

It is gratifying to see more groups and individuals brought under the protection of the social-security program.

The House Ways and Means Committee, going beyond the administration's proposal, approved a 1975 tax rate of 8 percent, to be divided equally between employer and employee.

Twenty-one years from now.

A long time for some to wait for authentic benefits.

History is moving at a much faster tempo.

We did not have any social security 21 years ago.

Only the wreckage of the past in a world convulsing with change.

The people will not be put off by remote and abstract arguments.

They insist on progress that will not lag behind history.

H. R. 9366 will pass.

It represents some improvement, which is better than none.

The fact remains that the people of the United States need, want, and are still without the protection of genuine social security.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. BENNETT].

[Mr. BENNETT of Florida addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. BENNETT of Florida asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. MILLER].

Mr. MILLER of Kansas. Mr. Chairman, I wish to compliment the committee for the fine work that has been done on this bill which is not controversial in its nature, yet presented many difficult problems of application. I wish especially to compliment both the chairman and the ranking member of the committee for the fair, unbiased spirit in which they have cooperated. This bill, representing many weeks of hard work, is an example of what can be accomplished by intelligent, conscientious leadership of both political parties. I am one of the last to speak upon this bill, after having listened to nearly 3 hours of discussion by more than a dozen able Members of Congress. In all that discussion, I have not witnessed a single instance of partisan or political maneuvering. This bill is not perfect. No bill so comprehensive in nature and covering so broad a field could be perfect. But it is an improvement over the present law, as it should be, and it will be further improved in the future sessions of Congress. It has, at their own request, brought under coverage millions of people not heretofore enjoying the benefits of social security. It has increased the cost of coverage to make more secure those already covered. This is something that had to be done in any case, as social security is a business undertaking and must be on a business basis. Next to the United States Government this is the greatest business in the Nation. It must be actuarily sound. It is with great satisfaction that I support this bill.

(Mr. MILLER of Kansas asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Chairman, I desire to thank Chairman REED and members of the House Ways and Means Committee for their courtesies in connection with the statement I presented to the committee on April 15, last. At that time I called attention to the fact that I had introduced several bills in the past designed to build a stronger and more protective social-security system. I pointed out that this purpose was being achieved by the splendid program outlined in the President's message of January 14, and documented so well by representatives of the Department of Health, Education, and Welfare.

I endorse the administration's goal of practically complete coverage not only because it will increase the protection of the system by adding about 10 million persons to its rolls, but because it will also overcome many of the inequities in the existing system. Workers who shift between covered and uncovered employment, for example, are now penalized in a number of ways. Sometimes they lose their right to a benefit entirely—and thus forfeit their tax contribution. Today any period spent outside of covered employment acts to decrease the amount of benefit. The 4-year dropout provision of the administration bill will remove part of this inequity. The wage credit freeze for the totally disabled will preserve their rights in this respect. But even more important, perhaps, is the fact that the existing penalties for working in uncovered employment are automatically removed if practically all jobs are covered.

I approve of the increases in the amount of benefits provided by the bill. For I am greatly concerned with the fact that the average old-age benefit in Feb-

ruary 1954 was only $51.44 per month and that the average widow's benefit was even smaller, averaging only $41.74 per month. Let us remember, in looking at these pitiably small monthly amounts, that a recent survey of people receiving social-security benefits showed that 1 out of every 8 men, 1 out of every 6 women, and 1 out of every 4 aged widows had no other money income.

The improvement in the work clause which will result from placing it on an annual basis and increasing the amount of earnings allowed is, to my mind, of special importance. I have always been opposed to this provision, which, in effect, penalizes people for working. My own bill would remove it entirely. The administration bill is a long step in this direction and will remove many of the existing inequities in this respect.

I am confident that this Congress will act promptly to make the President's program a reality. For, as he said on January 14:

> The human problems of individual citizens are a proper and important concern of our Government.

(Mr. CANFIELD asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. NEAL].

Mr. NEAL. Mr. Chairman, I expect to vote for this bill. In that it makes it easier for a larger group of deserving people to qualify for benefits, it is an improvement over the existing law. A great many persons who have had no opportunity to contribute from their earnings would, without the provisions in this bill, be left entirely without relief and at the mercy of old-age assistance, which, administered at the local level, is too often politically dominated. At present, Federal contribution is insufficient. The States do not uniformly contribute enough funds to complement Federal funds to provide a liveable income, hence the habit of local administrators to draw on federally provided OAA to make the OASI workable. Even then, too many recipients are unhappy because they do not participate uniformly.

It will be a long time before the old age group will be able to qualify for pensions solely through their contributions from wages. Until then we will still have many aged and disabled to care for through some other means. This, OAA does not do. The real need for relief is for that class of old and disabled persons who have no property nor any responsible relatives willing or able to make homes for and to properly care for them. It is one of the greatest tragedies of our social system that such a large number of these people live in slums and go half starved because of the pitifully meager relief allowed.

Furthermore, to the extent that the proposed broadening of the field of social security coverage will take care of some additional categories of our people when they shall have reached retirement age and can collect a monthly stipend to enable them to obtain the necessities of life, I favor the bill. However, I am convinced that the program does not go far enough, in that a great many of these individuals are now near that age, and who have not during the prior years made provision of shelter for themselves, and cannot do so without rental outlays or crowding in with relatives or strangers at some cost not covered by retirement benefits; that, therefore, the program should embrace some arrangement for housing for these people as a special group which may live out the remaining years of life free of the care and worry attendant upon the old age status. Because, the younger and working generation will, decade by decade, be sufficiently tax-burdened as to be entitled to whatever relief, in advance, that can now be spared them.

(Mr. NEAL asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. SADLAK].

Mr. SADLAK. Mr. Chairman, comprehensive explanatory statements of today's bill, H. R. 9366, amending the Social Security Act and the Internal Revenue Code, have been presented by my distinguished committee chairman, the gentleman from New York [Mr. REED], and the gentleman from Tennessee [Mr. COOPER], the ranking minority member. Added to these have been further fine remarks by my colleagues of the Ways and Means Committee and members of the Whole House on the State of the Union, each contributing worthwhile comments on this new bill which originally was introduced as H. R. 7199.

Prior to the hearings, during the time testimony was being taken and in the interim pending today's consideration on the floor, I had received many communications from my Connecticut constituency urging favorable action on the sections recommended in Mr. REED's original proposal which, in large measure were retained in this revised, so-called clean bill incorporating clarifying language rather than additional sections.

I am particularly pleased with the new suggestion allowing an annual computation of earned wages by persons over 65 years of age and under 75. The present monthly basis has resulted in many severe penalties causing the forfeiture of subsequent checks because the monthly allowance of earning $75 had been exceeded by the annuitant in a part-time job. I sought to overcome this barrier by my bill to raise the monthly earning check to $100. The new provision raising the annual allowable wage income before loss of check to $1,000 and placing the earnings on an annual basis will relieve the refunding of later checks, especially where a very small amount of excess over the $75 monthly wage caused the return.

May I emphasize one other provision which brought much mail to my office and which has been resolved quite satisfactorily. I tried to afford every possible protection to the retirement systems of municipal and State employees. It was after much discussion, writing and rewriting that we finally hit upon the referendum provisions that pertain to this part of the legislation.

(Mr. SADLAK asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. KEOGH].

(Mr. KEOGH asked and was given permission to revise and extend his remarks.)

Mr. KEOGH. Mr. Chairman, I shall not take any time to commend the majority for bringing out the pending bill. I shall leave that task, pleasurable as it is, to those far more capable, other than to observe that a legislature that extends the opportunity for providing for superannuation is a legislature that well serves its people.

Neither shall I spend any time with respect to the treatment accorded in the pending bill to the professional groups, other than to observe—and I am sure my friends on the committee will not mind my saying this, knowing that it is quite impersonal—that I have not been impressed with the arguments advanced for the inclusion of most professional groups and the exclusion of only one, for, Mr. Chairman, if the benefits of this system are as good as we believe them to be, they are good for all professional groups. I do, Mr. Chairman, hope to point out to this committee, as I will on every appropriate occasion, an obvious and glaring omission from the pending bill.

Mr. Chairman, until we have provided for the professional groups, for the self-employed, for their dependents, for their survivors, and for their now pensionless employees, a system of private, voluntary, restricted retirement insurance, our job will remain unfinished.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Has the gentleman any idea as to why the medical doctors were left out?

Mr. KEOGH. I have utilized the afternoon as well as I could in studying the report on the pending bill, and I am sorry to say that it gives no reason for their exclusion.

Mr. McCORMACK. Has the gentleman himself any knowledge of why that has been done?

Mr. KEOGH. I, perhaps, do have, but I do not think they are particularly relevant.

Mr. McCORMACK. They might be relevant. Would the gentleman care to express them for the RECORD?

Mr. KEOGH. I think I should prefer to hold that for some other time. I mean not to complicate the discussion on the pending bill and its omissions. Whether that group has been omitted for good reason or ill, we must recognize that their spokesmen were undoubtedly speaking for whom they thought were the vast majority of their profession. But, I say to you, Mr. Chairman, that no organization of professional men is in a position to speak for all those engaged in that profession, and I dare say

that many of us will be hearing from those doctors within our districts who would like to provide social-security benefits for themselves, but even more important who would like to make certain that their widows and their children come under the social-security system. The important thing for us to do, closing as we are some gaps in our social-security system, is to give immediate attention to the need for providing a retirement system for all professional groups. Let me cite this example. Four men are graduated from a university the same year. Two are licensed to practice medicine and two are licensed to practice law. Dr. A becomes a full-time, paid employee of corporation Y. Dr. B becomes engaged in private practice. Lawyer C becomes a full-time, paid employee of the legal department of corporation X, and Lawyer D engages in private practice. Under the law, as it now stands, Dr. A immediately becomes eligible to qualify not only for social-security benefits, but for the pension system that has been set up by so many corporations, generally, on a noncontributory basis. Dr. B is not qualified either to obtain the benefits of social security nor is he able to provide for his superannuation when it comes, except out of his net income after taxes. Lawyer C is in the same position as Dr. A and Lawyer D, under this bill, will become eligible for social-security benefits. Mr. Chairman, the inequities are obvious and will be closed only by the enactment of the voluntary, restricted retirement system for all professional groups. I hope the committee will give early and favorable consideration to the pending bills which would make that possible.

Mr. REED of New York. Mr. Chairman, I yield such time as he may require to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, this bill improves the social-security program of the Federal Government. There are some aspects of the bill with which I disagree, and I must say very frankly that even with the enactment of the bill, the program of old-age and survivors insurance will be deficient and will contain serious inequities and unsolved problems.

The bill does make one very important step in the direction of establishing a sound social program for the retired aged. As I view it, one of the biggest defects in the present program is that it affects only a part of our people.

Governmental programs should be applicable to all of our people, not just to selected groups. For all intent and purposes, this bill provides for universal coverage. Practically all of tomorrow's retired aged will be eligible for the protection provided by this program. That is a real forward step. It will remove many of the inequities and problems created by the present system of partial coverage.

There is, however, one serious injustice that will be continued. There will still be one large group that will be ignored. I speak of today's retired aged.

Up until now the coverage of OASI has been restricted. Many of today's retired aged were denied the right to participate in the program. Many of the people who today are over 65 and have been retired because of age had no opportunity to come under the system. The vast majority of those who are today over the age of 70 were excluded from the program through no fault of their own. They were born too soon or the Congress acted too late to bring them within the program. There are slightly over 3½ million in this group of retired persons over 70 years of age who are ineligible for even the minimum benefits under OASI. Yet, Mr. Chairman, this is the very group that is most in need. These people were the hardest hit by the inflation of the last 12 years. Almost half of this group are today on relief. It is this group of people, over 70 years of age, that makes up 80 percent of our relief rolls. Can we say that we have a fair and just social program when we turn our backs on this part of our society and force them to go on relief while we provide benefits as a matter of right to other segments of our people? Of course not. Some of the people who are today drawing benefits as a matter of right have themselves contributed as little as $3 by way of social-security taxes. Many of the people who will draw minimum payments of $30 per month or couples who will receive $45 per month for life will have contributed under the system for a period of only a year and a half. The maximum contributed by any individual or couple that is today receiving the minimum benefit is $106. This constitutes a very fine line between those who are entitled to the benefits of the system and those who are ignored. It is too fine a line to be considered a legitimate distinction.

Argument is made that no benefits can be paid to those who have not contributed to the system. It is argued that the soundness of the system depends on relating the benefits to the contributions made. That may be all well and good, but remember this: Since 1950 we have gratuitously increased the benefits of persons already retired, and we are doing it again in this bill. These benefits will cost in excess of $11 billion. Nothing extra will have been contributed by the recipients of these increased benefits. I do not find fault with the increases that are made, but I do find fault with the argument that the system cannot provide benefits which are unrelated to contributions. The fact of the matter is that we are doing it today for a select few.

It is my position that this system will never be just until we give consideration to today's retired aged. During the committee's consideration of this bill I proposed an amendment which would have given consideration to this group. I outlined the proposal to this House on May 20. The details will be found at page A3749 of the CONGRESSIONAL RECORD. I regret that the committee did not accept the proposal. I hope that the Senate will see the equity and justice of the proposal and will include it in the bill.

I have never been more serious in my life, Mr. Chairman. We must expand this system of old-age and survivors insurance to include today's uncovered retired aged. Of all our people, they have the greatest right to our attention and consideration. In the name of all that is honorable and just, please let us not ignore those who have contributed so much to the greatness of this Nation and the benefits which we today enjoy—our aged people.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. BAKER].

Mr. BAKER. Mr. Chairman, I favor the enactment of H. R. 9366 as reported by the Ways and Means Committee.

In addition to substantially increasing benefits and liberalizing the so-called work clause, and other provisions of the old-age and survivors insurance system, this bill extends substantially universal coverage, which is of termendous importance to the future of the entire social-security program. As pointed out in the committee report, a major shortcoming of the present program is its inadequate coverage.

I was a member of a subcommittee which conducted rather extensive hearings on this entire subject last fall. There are 6.3 million persons now on the benefit rolls. This bill will extend substantially increased benefits to those on OASI rolls at the present time. It would extend coverage to approximately 10 million additional persons. These are persons who now work in jobs presently excluded from the program: about 3.6 million farmers, about 400,000 professional self-employed persons, about 3½ million employees of State and local governments who are covered by local retirement systems, excluding policemen and firemen. Employees of State and local governments under this bill are permitted to come into the social-security system after an affirmative vote of two-thirds of the members, with the additional requirement that at least 50 percent of those eligible must participate in the election. About 1.3 million farmworkers who receive at least $200 a year from a given employer; about 250,000 domestic workers; about 250,000 ministers, upon an optional basis; about 150,000 Federal employees not covered by retirement systems, including employees of Tennessee Valley Authority, who do have a retirement system.

The average increase in benefits to be paid to presently retired workers would be about $6 per month, with the minimum monthly benefit increased from $25 to $30 per month. The maximum monthly family benefit of $168.75 would be increased by this bill to $200.

The work clause is substantially liberalized. Under the present law a beneficiary under the age of 75 cannot draw benefits if he earns more than $75 a month. Under H. R. 7199 a beneficiary can earn as much as $1,000 a year in any employment and would lose 1 month's benefit for each unit of $80—or fraction thereof—of earnings in excess of $1,000.

Benefits under this bill will be paid to a surviving aged widow, a widowed mother and children, or parents of an individual who died prior to September 1, 1950, and had at least six quarters of coverage. This cures an inequity which has long needed attention.

H. R. 9366 extends to individuals who are under extended total disability substantially the same benefits and privileges now enjoyed by persons insured under private life insurance with the waiver of premiums provision. This is a most salutary provision of the bill.

The bill extends for 1 additional year the temporary increase of $5 per month to old-age assistance recipients, aid to dependent children, aid to the blind, aid to the permanently and totally disabled. Without this amendment this $5 a month increase, adopted in 1952, would have expired on September 30, 1954.

In my judgment, this bill goes a long way in the right direction. I urge its passage.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. SECREST].

Mr. SECREST. Mr. Chairman, I want to say that I think the committee has done a wonderful job in the testimony they heard from many, many people and in the bill they have reported to this House.

Elimination of the 5 worst years in a worker's record in computing the amount that he is to receive is fair and just. Increasing the benefits for those who have retired and who will retire is needed, especially will it be needed by those who now receive a minimum of $25, and who will receive $30 under this bill.

Preservation of the benefit rights for disabled I think is very essential. Extending the coverage will strengthen the bill because now you will have 10 million more people who have an interest in seeing that this trust fund is not impaired by any future Congress.

I want to ask two questions, if I may, just for clarification in my own mind, of two points, and then I shall not use any more time. If a farmer 65 years of age, 70 or 75 years of age qualifies under social security, this bill, pays in his money for a year and a half, would he then be eligible for the minimum pension at least of $30?

Mr. COOPER. The answer is "Yes." He qualifies with six quarters of covered employment.

Mr. SECREST. He would be entitled to not less than $30 a month.

The second question I think as far as the group in Ohio is concerned and in which they are very much interested relates to State employees in Ohio. They have a very excellent retirement system. They are fearful that this might in some way jeopardize the system. They have the protection, of course, that half of them must vote to come under before they can and of that half at least two-thirds must vote affirmatively before they would be eligible for the program. If they vote to come under the program and if the State Legislature of Ohio takes such steps as are necessary to pay the State's share of contributions, the social security tax, and they do come under it, is there any reason why the State legislature if it wants to could not continue the State pension system and when these people are eligible to retire they would retire under both systems?

Mr. COOPER. None whatever.

Mr. SECREST. That is all I want to know. Then they have absolute protection and the only thing that could happen to any local or State employee if his State is willing to do so would be to give him two retirement pensions instead of one.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. SECREST. I yield.

Mr. REED of New York. Will not the gentleman please give the membership the benefit of his survey of the farmers of his district?

Mr. SECREST. I shall be glad to. I wrote to every single farmer in my district, and I have 15,100 farms; I wrote to every single one of them and asked if they wanted to be included in this social-security system. To date I have received replies from over 40 percent of those I wrote to, and of the replies received 9 to 1 say they want to come under the social-security system. This I think demonstrates very vividly that the farmers of this county want to be included and so expressed themselves when given an opportunity.

I talked to the editor of the largest farm magazine of this country. It has been interested in this question of social security. Letters come to the magazine from all over the United States, and those letters were 7 to 1 in favor of social security.

Mr. REED of New York. I thank the gentleman.

Mr. SECREST. I think the farmers want it without any question, and why would not the farmer want it, especially those who now could qualify in a year and a half and retire and the young ones can build up until they are old enough to retire and their retirement payment will be very substantially larger.

I think these are wonderful amendments and I hope this bill passes unanimously.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr BYRD].

Mr. BYRD. Mr. Chairman, while the administration bill may improve the present law in some respects, it completely ignores three of the major deficiencies in our social-security system. It fails to provide benefits for totally and permanently disabled workers; it has not lowered the eligibility age for recipients of old-age and survivors insurance; and it does not provide a lower eligibility age for widows, as it most certainly should.

An arbitrary retirement age, such as age 65, disregards the human factor that some people are forced to retire before that time for physical reasons. Owing to the fact that only one disablement in 20 is work-connected and thus covered by workmen's compensation—the other 19 people cannot qualify for disability benefits under social security. Not until we have provided benefits covering this exigency will we have achieved a truly protective system of social security in the United States.

The eligibility age for all recipients should be lowered to 60 years. Industrialization has restricted job opportunities for older workers. A number of studies in recent years show that employers may retain older workers already on their payrolls, but that many apply strict age limits in hiring new workers. Urban industrialism has shortened the worklife of most Americans, making age 60 a more realistic retirement age than 65. In 1890, about two-thirds of all men aged 65 and over were in the labor force. By 1940, this rate had dropped to about two-fifths. Even under the pressure of a wartime labor market, older workers were not hired until supplies of younger men were exhausted. These reasons are ample, in my opinion, to provide the incentive for action by the Congress in bringing into fruition legislation which will lower the eligibility age and which will be a step forward on the path of humanitarian progress.

I believe we should lower the eligibility age for widows to 55. There is a difference of about 2½ years between the age of husband and wife, on the average. In too many cases, the widow is denied the benefit at the time she most needs one, at the death of her husband. It is practically impossible for a widowed woman to obtain employment after age 50, even if she is able to work. Many widows, of course, have spent their lives making a home and raising a family and so have not had the opportunity to acquire technical or other skills which are required to hold a job today. Even those women who had worked before marriage, and who have wanted to return to a job after the death of their husbands, are finding that production processes or sales methods have changed so much that it is very difficult to find employment.

The widows of this country are now the victims of a real inequity, and the administration bill has failed to correct it.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, it is with sincere pleasure that I join with my colleagues in urging the full membership of this House to approve the bill before us, the 1954 amendments to the Social Security Act.

There is nothing novel or surprising about this legislation, except, perhaps, for the fact that today it is receiving some support from the elective members of the Republican Party. The social-security program was originated, extended, and improved periodically by the Democratic majority—at times over some very stiff opposition. Today, however, we witness many changes of heart.

The legislation before us proposes to make some needed changes in our Social Security Act. It proposes to extend the coverage of the program to 10 million persons who are not presently covered; it also suggested limited increases in the levels of benefits; it broadens the wage base for social-security contribution tax from $3,600 to $4,200; and, finally, it recommends a number of miscellaneous amendments to the present act.

These improvements have been suggested on many earlier occasions. Since

they have been debated at length. I shall not use the limited time allotted to me in reviewing the arguments brought forth in support, as well as in opposition, to these various proposals. Instead, I should like to make a few brief comments on certain possible additional amendments to the Social Security Act, which are not included in the bill as it was reported to the House.

There are three improvements which I have particularly in mind. They pertain to the lowering of the retirement age, the extension of benefits to insured disabled workers and their dependents, and an increase in the work clause. These specific amendments do not exhaust the several ways in which our present social-security program could be improved, but they constitute an important step in that direction. They were proposed in my bill H. R. 3554, and I should like to comment on them.

In the first place, there is every indication that the present age requirement for social-security retirement should be carefully reappraised. This applies particularly to women, to wives and widows of insured workers, and to insured women workers. The present retirement age of 65 is creating hardship on many of them.

Let us consider, for instance, the case of a wife of an insured worker. Statistics show that the average age of a wife, in the case of older men, is 5 years less than that of their husbands. This means that, under the present law, supplemental wife's benefits may not be payable until the husband reaches the age of 70 and has been eligible for retirement for 5 years. This should certainly be remedied.

Then, too, women workers are generally considered as retiring earlier than men. Many private companies have pension plans which provide a retirement age of 60 for women. Our social-security program takes no cognizance of these facts. Under our present law, the retirement age for women is the same as for men—age 65.

This is one shortcoming of the present law which should be rectified. The retirement age—at least for women—ought to be carefully reviewed and lowered.

Secondly, let us look at the plight of a fully insured worker who becomes disabled before he reaches age 65. Under the present law, he has to wait until he reaches retirement age before he can draw benefits. The bill before us, while making certain provisions for the disabled workers, by stipulating that the months of total disability shall not count against them in the computation of their rates of benefits, does not strike at the heart of the problem: it makes no provision for the disabled worker and his family while they are in need and before they reach age 65.

I had proposed that totally disabled workers be granted those very same benefits which they would receive under ordinary circumstances upon reaching age 65. However, these benefits would commence shortly after the worker becomes totally disabled, regardless of his age at that time. In addition, it was my suggestion that the dependents of disabled workers be also considered in conjunction with this problem. Unfortunately, the bill before us has no provision of this type.

Then, finally, it has been my conviction that the present $75 a month limit on income earned in covered employment by retired persons below age 75 is extremely unrealistic. That limit should have been increased to at least $100 a month. The bill before us does not go that far: it merely increases the present limit of $75 per month—$900 per year—to $1,000 per year, compounded annually. While this proposal will bring some relief to our retired folks, the degree of relief will be small. A $1,200 a year limit, compounded annually, would be much more in line with the realities of today, particularly since the bill before this body proposes to do away with the distinction between covered and uncovered employment for these purposes.

Mr. Chairman, I shall not take up any more time at this point. I wish to reiterate, however, that while the legislation before us is not as comprehensive as could be wished for, it nevertheless represents a step toward the improvement of our social-security program along the lines conceived and outlined by the Democrats during the past 15 years.

It is my hope that this legislation will receive prompt approval from this House.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. SHELLEY].

Mr. SHELLEY. Mr. Chairman, I am happy to be able to vote today for H. R. 9366. This extension of our social-security system to increase the amounts of present benefits to those now covered and to bring additional millions of Americans under coverage is long overdue. I am particularly happy over the action by the House today because of my gratification at noting that many of those Members who have consistently opposed past efforts to liberalize social-security benefits and coverage are among those supporting this bill. I am reasonably sure that were it not for the fact that those Members have now joined those of us who have fought for years for a really adequate program, the bill we have before us here would not have gone as far toward reaching that goal as H. R. 9366 does.

I know, Mr. Chairman, that the action of the House in passing H. R. 9366, as I am sure we will, will be reassuring to the great body of people who have been concerned as the the future of the Democratic social-security program under a Republican administration. The fact that this bill has emerged as a bipartisan measure, although nominally under the sponsorship of the present Republican majority of the Ways and Means Committee, should be sufficient proof that the majority in both of our great political parties now recognize the wisdom of the program. Let us hope that in future years, regardless of which party may control the Congress, the need for continued improvement of the social-security system will be similarly recognized and that this vital function of our Government, founded and fostered by Democratic administrations, will no longer be threatened by reactionary forces.

I speak of the need for future action because H. R. 9366, although it is another step forward, does not go far enough toward giving the American worker and his dependents sufficient protection against the time when his full earning power is diminished or lost through old age, disability, or death. The effort to reduce and eliminate the weaknesses still present in even the expanded program this bill provides must continue. While I do not have time to detail all of those weaknesses at this time, I am particularly sorry that H. R. 9366 did not go farther in increasing the general scale of benefits payments. Even with the small additional amounts we are providing here, on any realistic basis we cannot claim that the benefits provided are enough to support any individual or any family or to provide the barest minimum of the necessities of life without outside income. On the same basis, I feel very strongly that the $1,000 per year ceiling on outside earnings, although an improvement over the present $75 per month limitation, is still far too severe a limitation to impose. Even with maximum benefits from social security and an additional $1,000 from other sources, the struggle to maintain a decent standard of living will be far from easy. To reduce the incentive for an aged person to keep his self respect and increase his earning power is, it seems to me, heartless and economically unwise.

To sum up, Mr. Chairman, I am voting for H. R. 9366 as a step in the right direction—but only one step which must be followed by many more.

(Mr. SHELLEY asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. KNOX].

Mr. KNOX. Mr. Chairman, I know we have a very limited amount of time left and I have asked for this brief period to pay my compliments to the subcommittee which made the exhaustive study of the overall question of social security.

The subcommittee report aided the Ways and Means Committee greatly in rewriting the social-security program.

I concur in the statements of my colleagues in support of this bill.

Mr. Chairman, I yield back the balance of my time.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana [Mr. LONG].

DENTISTS IN SOCIAL SECURITY

Mr. LONG. Mr. Chairman, I want to call to the attention of the House today at least one discrimination contained in the bill H. R. 9366, outlining the proposed Social Security Act Amendments of 1954. I am sure that it will be of interest to every Member of this body. For in the section of the bill covering self-employed professional persons, the committee acceded to the expressed

wishes of doctors by making them the sole exception to coverage among self-employed professional persons.

Doctors did not want coverage and the committee honored their wishes in the matter. Dentists did not want coverage, but they were covered by the bill. Now I am confident that there is one major reason why the wishes of dentists did not prevail with the committee, and that is because members of the association did not attempt to overwhelm them on this point with letters from all over the country, since their position was clear from the statement of their authorized representative who appeared before the committee. I am equally confident that the Senate will be fully informed by member dentists when the bill reaches that body for consideration. For as you know, the bill is to be considered by the House under a closed rule and will go to the Senate without amendment.

A man from my own State, Dr. J. Claude Earnest, of Monroe, La., appeared before the Ways and Means Committee on April 9, 1954, to oppose coverage of dentists. Dr. Earnest, I might add, is a member of the house of delegates of the American Dental Association and vice chairman of its council on legislation. Because his testimony indicates so conclusively that the opposition of the association is firm and considered, I insert it in full in the RECORD. It makes clear that, for more than 6 years the association has studied the matter openly, and with full participation on the part of some 93,000 member dentists throughout the country. The opposition to coverage under social security on the part of dentists then is a grassroots opposition, based on full knowledge of their own particular needs as they relate to the social-security system.

Dentists are opposed to coverage under social security, among other reasons, because of the particular conditions of their profession. For example, self-employed dentists do not normally retire, but continue to practice well beyond the normal retirement age until they die. The average age of death of dentists is 65 years and those who survive longer do not retire until the average age of 68. This means that the average dentist will be required to pay into a system from which he will never receive any benefits, and as a self-employed person, he will pay one and one-half the amount of the tax contribution paid by the average employed individual. For dentists, as for doctors, coverage under the system would mean payment of taxes—scheduled to rise from the present 3 percent to a high of 4⅞ percent by 1970—often without any return to them except for a lump-sum payment upon death.

Dentists want to be omitted from social security so they can invest their funds in retirement plans of their own choice from which they will receive at least a return upon their investment. On behalf of the dentists of this country, and especially those of my own State and region, who are violently opposed to inclusion, I call this matter to the attention of the House today, confident that the matter will be adjusted equitably before those amendments are finally enacted.

In speaking today, I am speaking as a representative of the American Dental Association.

The house of delegates of the American Dental Association meets something like our Congress here. It appoints committees. Those committees take up various subjects, consider them and report them back to the house of delegates where they are debated by men from every State in the Union. They come to some conclusion as to what they think should be done for the best interest of the dental profession.

This subject has been before the house of delegates four times. Each time they have considered it, they have voted that they do not want to be included in this program.

I cannot see, for the life of me, why the committee would put one group of doctors under social security, then take another group out. A dentist is a doctor just as much as is a physician, only his treatment is confined to the mouth. He operates, he gives treatment, he does everything that it is necessary to do so far as the teeth and the mouth are concerned, the oral cavity. Why, then, would you take a doctor, who is an M. D., out of this program just because he asks to be taken out, then when the dentists come before you with their representatives and ask you to take them out, you refuse to do that?

This idea of retirement has little to do with it, in my opinion. Very few dentists, in the really strict term, ever retire. Some of them go back to their homes. Maybe they do a little work there and make almost as much money as they did when they were in actual practice; but the majority of the dentists over this country do not want to be included in this. That is 80 percent of the dentists who are practicing dentistry in the United States of America. Surely that group should be able to speak for the large portion of dentists involved.

I know there are doctors who want to be in the program; I know there are dentists who want to be in the program; I know there are farmers who want to be out; I know there are those who want to be in; so we have to take the majority of those people and govern ourselves according to the desires and the wishes of the majority of the particular profession or trade. When 80 percent of the dentists have faith in their Congress, in their meetings, and state that they do not want to be included in this program, why, in good judgment, cannot the Congress take them out?

I am making these remarks hoping that someone in the Senate will look further into this matter and that we will be able to take the dentists out of the program and let them go along with the rest of the doctors.

While I realize there are some repetitions in my discussion, they were made for the purpose of emphasis.

I thank you very kindly.

TESTIMONY OF THE AMERICAN DENTAL ASSOCIATION BEFORE THE HOUSE WAYS AND MEANS COMMITTEE WITH RESPECT TO OLD-AGE AND SURVIVORS INSURANCE, H. R. 7199, 83D CONGRESS, PRESENTED APRIL 9, 1954

My name is J. Claude Earnest. I am a self-employed practicing dentist of Monroe, La. I am a member of the house of delegates of the American Dental Association and vice chairman of the association's council on legislation. I am here today to present to the Congress the views of the association with respect to the proposed inclusion of self-employed dentists in the old-age and survivors insurance system.

The present policy of the association was adopted by the house of delegates in 1949 and may be found on pages 265 and 266 of the transactions of the association for that year. It reads as follows:

"Whereas the house of delegates in 1948 directed the council on legislation to seek to have self-employed dentists included in the benefits of the old-age and survivors insurance program; and

"Whereas further study of this question has indicated that the expansion of the social-security system to self-employed persons upon presently proposed bases would tend to jeopardize the financial security of the country; and

"Whereas the real security of the professionally self-employed lies within the individual and in his contribution to the community rather than in any Government-sponsored system of old-age insurance: Now, therefore, be it

"Resolved, That the policy expressed by the 1948 house of delegates is hereby rescinded; and be it further

"Resolved, That the council on legislation is directed to seek amendments eliminating dentistry from any proposals to extend old-age and survivors insurance to the self-employed."

Permit me to give you some figures and to tell you something about the American Dental Association so that you may be able to evaluate our policy. There are, at the present time, in the United States, approximately 83,000 persons who are engaged in the practice of dentistry. There are approximately 10,000 others still living who have graduated from dental schools but who have either retired or turned to other occupations. For practical purposes, therefore, we may say there are 83,000 dentists in the United States. Of this number, 70,361, or 84.8 percent, are members of the American Dental Association. Obviously, therefore, the association has the right to speak for the dentists of this country.

You may be interested in the mechanics by which policies of the association are adopted. The policymaking body of the association is known as the house of delegates. It consists of elected representatives from every State, Territory, and possession of the United States. Members of the house of delegates are chosen within each State or Territory on the basis of number of members of the association in that State or Territory. No State has less than 1 delegate and the largest State, New York, has as many as 53. The house of delegates in 1953 numbered 394 members.

Matters come to the attention of the house of delegates from reports of the standing committees of the association (usually called councils), from recommendations of the trustees, from resolutions transmitted by State or local societies, and from resolutions proposed by individual members of the house. When a matter has come properly before the house of delegates it is referred to a reference committee which is similar to your own committees of Congress. Reference committees conduct open

hearings just as you are conducting this one today. The time and place of the hearings are announced weeks in advance and any member of the association, whether a delegate or not, is free either to submit a communication to the committee or to appear before it in person to discuss his views with respect to any matter which has been referred to it. The committees ordinarily meet in open session for an entire day, holding both morning and afternoon sessions. At the close of the hearing, and after all have been heard who so desire, the committee, in executive session, considers the questions before it in the light of the information which has been presented. It then files a formal written report containing its recommendation to the house of delegates and the matter is then taken up and considered by the entire membership of that body. The resulting decision becomes policy of the association until revised, modified, or revoked by the house of delegates.

This question of including self-employed dentists in the old age and survivors insurance scheme has had the attention of the association's house of delegates five times. In 1948, in connection with the annual meeting of the association, the Council on Legislation sponsored an open forum on old age and survivors insurance, presenting Mr. Wilbur Cohen of the Federal Security Agency as a speaker to explain the provisions of the law, as it then existed and the provisions of the bill then pending before Congress which proposed to include self-employed persons. Of the more than 5000 dentists registered and in attendance at that meeting about 100 appeared at the forum. Following the forum, the informal sentiment of those present was favorable to including dentists in the OASI system. The council on legislation, therefore, submitted to the house of delegates a supplemental report recommending that the association support the pending measure. This recommendation was approved by the house of delegates.

The house of delegates in 1949 reconsidered this matter and adopted, without a dissenting vote, the resolution which I quoted earlier.

In 1950 the subject was not before the house of delegates specifically. The house, however, passed a resolution directing the association's council on insurance to make a study of insurance matters of interest to dentists, including old-age and survivors insurance. As part of its study the council sent a questionnaire to every seventh member on the active and life membership lists or to about 9,300 dentists. In response to the question, "Should Federal legislation be sought to include dentists under OASI?" 51.7 percent said "No" and 48.3 percent said "Yes."

The 1951 house of delegates had before it the results of this survey together with a resolution from the Massachusetts State Dental Society requesting the house to reverse the existing policy. More than 100 persons appeared before the reference committee and expressed their personal views. In its report, the reference committee stated that the views of those who appeared convinced the committee that the membership was about equally divided; that there was considerable misunderstanding of the provisions of the law and it recommended, therefore, that the entire matter be postponed for 1 year during which period, the State and local societies could attempt to inform their members concerning the law.

During the ensuing year the association prepared a kit of material setting forth in considerable detail information about the whole subject which kit was sent to each of the 53 constituent and 440 component societies. Most of these societies appointed their own special committee to study the question and to report to the membership. Many of the societies, in plenary session, heard the subject discussed pro and con by panels of experts including representatives of the Social Security Board and informed members of the bar.

After all of this study and debate, the subject was again considered by a reference committee of the house of delegates in 1952. At least 8 hours were devoted to public hearings following which the reference committee, which apparently had taken the temperature of the association through its hearings, once again recommended that the association oppose inclusion of dentists and once more the house of delegates reaffirmed its 1949 position.

In 1953 the Wisconsin State Dental Society sent a resolution to the house of delegates requesting it to reconsider the present policy. The house by a vote of 312 to 64 rejected the Wisconsin proposal and adopted the following resolution instead:

"45–1953–H

"*Resolved*, That the house of delegates direct the council on legislation to present the Congress of the United States the association's policy of opposing the inclusion of members of the dental profession under the old-age and survivors insurance provisions of the Federal Social Security Act." (Transactions American Dental Association 1953, p. 224.)

I have set out this history of the proposal within the association so that you could see that American dentistry, through its formal organization, has studied this proposal for more than 6 years; has considered it openly, permitting all of the freedom of participation in the final decision on the part of members that citizens of the United States have with respect to the decisions of Congress but, nevertheless, has 4 times, in its most recent actions, rejected the idea of having self-employed dentists under old-age and survivors insurance.

Thus through action of their official body the dentists of the United States have consistently indicated that they do not desire to be included within the OASI scheme.

Except in unusual cases, dentists continue working throughout their lives. Since they cannot continue to work and simultaneously derive benefits from their contributions to this scheme, they prefer to be omitted from it so that they can invest their funds in retirement plans of their own choice from which they will receive, at least, the return of their investment.

The association respectfully requests that H. R. 7199 be amended to exclude the self-employed practice of dentistry from the list of types of employment covered by old-age and survivors insurance.

Mr. REED of New York. With reference to the dentists, the editorial staff of Dental Survey reported the results of a poll of dentists in its February 1951 issue. The interviewers asked dentists, "Would you like to have dentists included under provisions of the amended Social Security Act on the same basis as other self-employed persons?" The vote was 53 percent in favor of inclusion to 47 against.

The Ohio State Dental Society recently conducted a poll in which it found that on the basis of 1,685 returns the dentists voted 8 to 5 to be included under the provisions of the Social Security Act. That is taken from the Iowa Dental Bulletin, October 1953.

The committee can only depend very largely on the hearings and the polls that are taken to find out just how people feel in regard to this measure.

Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. OSTERTAG].

(Mr. OSTERTAG asked and was given permission to revise and extend his remarks.)

Mr. OSTERTAG. Mr. Chairman, the bill before us is a good bill. I applaud most of its provisions and I shall certainly vote for it. In fact, it is so good that I am at a loss to know, why it does not go further and correct more, if not all of the inequities of our social security program.

Its virtues have been amply extolled, and in the time allotted to me I shall not repeat them here, but shall direct my remarks to some of the serious flaws which the bill has ignored or dealt with, as I believe, inadequately.

One of the most important of these, in my judgment, is the wage ceiling in the social security act. The present bill relaxes it, to the extent of $100 a year, and puts wage earners on a par with the self-employed in computing penalties for exceeding it. It also relaxes the formula for deductions. In my judgment, however, the earnings ceiling is still an unrealistic provision, and constitutes a gross discrimination against those who are obliged to work after age 65, as contrasted with those who are able to retire on income from investments. We should get rid of this provision. Eventually, we shall have to get rid of it. Americans are shocked to be told in effect, by their own Government, that after age 65, they will be penalized for working, whereas, if they have independent incomes, or if they become drones and ride on the backs of other workers, they will be subsidized for it. That is what the wage ceiling now does. How long will we impose this noxious doctrine on our fellow countrymen? How long before we get rid of it? The elderly people will eventually blast the ceiling out of the act. Must we, as Gladstone said, wait for the day of dishonor to yield to necessity that which we refuse to yield to justice. I, for one, want to dissociate myself from any semblance of approval of this provision in the act. H. R. 9366 provides a variety of ways to evade the wage ceiling. The self-employed, professional people, the farmer, or the small-business man can virtually ignore it. It is only the low-wage earner, whose responsibilities are such that he is obliged to continue at fulltime employment who is really hurt by the provision. After age 65, he is boxed in like a man in a Chinese torture chamber.

Let us consider this individual for a moment. He has been paying into the system for 15 years, and is now 65. Let us say his benefit is above average—say $70 a month. His wife is 10 years his junior, but ill and unable to work. She is ineligible, however, for benefits. He cannot live and support her on $70 a month, and in order to meet their increasing medical costs by himself, he has no choice but to continue at his $50-a-week job. He urgently needs his social-security benefit, but if he continues at work, he will lose every cent of

his benefits, although he will continue to be taxed for social security.

Now let us consider another individual who may be his next door neighbor. He was covered into social security in 1950 and returned in 1952. His earnings were high, and although he may have paid into the system for only 18 months instead of 15 years, he and his wife—who is also 65—have retired on social-security benefits of $127 a month, which, under this bill will be raised to approximately $148. Since he was fortunate enough to work for a company that provided industrial pensions for its employes, he also gets a pension of $3,000 a year, and he also has some income from investments he made over the years—something quite possible to the high-salaried worker, but difficult if not impossible for the low-income worker. This income does not count as earnings, however, and he is able to earn $1,000 a year over and above his social-security benefits and other income without loss of benefits. And if he is a farmer or small-business man, and can show that he has made no substantial contribution to his farm or business but has turned it over to others, he can derive any amount of outside income from it without losing his social-security benefits.

The inequity in this is so obvious that it cries out for correction. Yet we go on perpetrating it upon the elderly people of this country—and in some ways in the present bill making it more acute—and resort to flatulent sophistries to justify it.

I have pressed for 3 years now for removal of the wage ceiling at age 65 instead of age 75, as is now the law, but in the light of formidable opposition to such a step, introduced into this Congress two bills which would at least ameliorate the hardships caused by this provision. One would provide for a flexible wage ceiling, so that less-than-maximum beneficiaries could earn the difference between their benefits and the maximum payable to any individual under the law, plus $1,000 annually, without loss of benefits. This would at least enable the low beneficiary to equalize his income with that of the maximum beneficiary, through his own efforts, without being penalized by his Government for so doing.

The second measure takes cognizance of the fact that more than a million elderly people, who cannot afford to retire on their benefits and are obliged to continue at work, are not only deprived of benefits but continue to be taxed on their earnings for social-security purposes, although they will never receive one extra penny in benefits for the taxes thus extracted from them. They are not helped by the program. They are victimized by it.

I introduced a bill earlier this year which would at least recognize their added contributions to the system. It would provide for a 2 percent increase in their benefits, when they do retire, up to age 70, when the wage ceiling would be removed entirely, and they would be free to retire on their increased pension or continue at work, without being deprived of it.

I regarded both of these proposals as interim measures, pending the removal of the wage ceiling at 65. In the light of the relaxations and loopholes provided in the present bill, however, it seems evident that the ends of justice will be served only by complete removal of the wage ceiling.

Mr. Chairman, there are two other provisions sorely needed in our social-security system, and I am happy indeed to see that one of these has been incorporated in the present bill. I have been pressing for it for several years, but was always assured, heretofore, that it presented administrative difficulties that were insurmountable. Evidently, however, the insurmountable has been surmounted. I refer to the provision affecting survivors of workers who died before the 1950 amendments became effective. Heretofore, such survivors were ineligible for benefits unless the breadwinner had contributed to the social-security system for 24 quarters. After the 1950 amendments, survivors of covered workers were eligible for benefits after contributions of as little as six quarters. But the law was not retroactive, so that workers who had the lack of foresight to die before 1950 left their survivors without benefits. What a travesty on justice. There is among my constituents an elderly widow whose husband contributed to the social-security system for 21 quarters, but he had the bad judgment to die in 1949. She has therefore been ruled ineligible for benefits, although widows of workers who died after that date can and do receive survivors' benefits based on contributions for as little as 6 quarters. I have received mail from many widows in many parts of the country who have been discriminated against by this ill-conceived and unjust provision, and I am delighted that the bill before us contains amendments to correct it.

Unfortunately, there is one other inequity upon which the present measure is silent. Under the act as now written, an elderly woman who married a social-security beneficiary does not become eligible to receive benefits herself until 3 years after the marriage. If, as sometimes happens, she is the widow of a social-security beneficiary at the time of her remarriage, she loses her widow's benefits when she remarries, and she does not become eligible for a wife's benefits for 3 years. Moreover, if her second husband dies within a year of the marriage, she will lose all rights to all benefits from either marriage. Why? What is the rationale of such provisions?

Mr. Chairman, from one end of this country to the other, people are growing increasingly concerned about the problems of the aged. Medically, scientifically, socially, economically, we must concern ourselves with their problems, for this is a rapidly aging Nation. Everyone is agreed that it is of vital importance to keep our elderly people busy and useful within our society. It is not only undesirable, it is inhuman, to force them to become drones, and to penalize them for seeking to help themselves. Yet our social-security system does just that. It penalizes them if they marry in old age, and it penalizes them through loss of benefits if they exceed the wage ceiling; and the less they have to fall back on in old age, and the greater their need, the more it penalizes them. Its effect is to reward those who need help least and deprive those who need it most. I refuse to believe that that was the intent of the Congress, but that is the effect of the law as it now operates. As a Government program, there is no justification, in my judgment, for such discriminatory provisions. I shall continue to press for correction of these inequities until they yield to justice.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. OSTERTAG. I yield to the gentleman from New York.

Mr. JAVITS. I would like to compliment the gentleman for leading this fight to take off this earning ceiling on the initiative of older people. I join in being a sponsor of the bill behind the gentleman's bill. I think the gentleman is waging a noble fight for the older citizens of our country, and they should be backed up 100 percent as all other Americans are.

Mr. OSTERTAG. I thank the gentleman.

Mr. COOPER. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. KLEIN].

(Mr. KLEIN asked and was given permission to revise and extend his remarks.

Mr. KLEIN. Mr. Chairman, I rise at this point to commend the committee for bringing out this bill. I am in favor of it. I would agree with the previous speaker, that in some instances the bill does not go far enough. I do not believe we ought to limit elderly people in the amount they may make after they have reached the age of 65 and want to continue in employment. There is no reason why we should say, "If you make more than a certain amount you will forfeit what you get under the social-security system."

Not too long ago we heard a splendid colloquy and a fine address by my colleague from New York [Mr. KEOGH]. He was asked by the former majority leader, the gentleman from Massachusetts [Mr. MCCORMACK], the reason why doctors were excluded from this bill. That is something I would like to know myself. Judging by the mail that I have received from the doctors in my district, every one of them feels that he ought to be included. They feel that they are being discriminated against and, indeed, they are. We have included every type of professional man, every person self-employed, with the exception of the doctors. Why are they not included, particularly if they want to be? I know that the chairman of the committee has said that everybody who asked to be included was included. The AMA, however, which says that it speaks for the doctors, did not want to be included. That is another indication of the fact that the AMA feels that this is socialization. They are so afraid of that, that any time anything comes up which will benefit the average doctor, they are opposed to it.

I say, as I have said many times on this floor and in my committee, that the AMA does not represent the average doctor. The average doctor wants to be included. So while I do not blame the committee, I might say that I believe it was an oversight. I do not think they should have listened to this group who were ostensibly speaking for the majority of the practitioners but who actually were not. We should include these people who want to be included and as to whom there is no reason for exclusion. It is not a valid reason to say that a spokesman—who is actually not a spokesman—claiming to represent the doctors, is representing the average doctor, especially because, as I think, the average doctor is afraid to speak up for himself and against the AMA. So they are stuck with this. However, they ought to be included and I hope sometime we will approve an amendment that will bring them in.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WOLVERTON], chairman of the Committee of Interstate and Foreign Commerce.

Mr. WOLVERTON. Mr. Chairman, I rise to commend the chairman and members of the Committee on Ways and Means for the consideration that has been given to improving the Social Security Act, and bringing this bill before the House to accomplish the purpose.

I shall support this bill, although I regret that in some particulars it has not gone as far as I would have liked it to do. However, we can expect that as further consideration is given to the subject that additional improvements will be made, particularly with reference to increased benefits. The cost of living has reached a point that the beneficiaries under the act find it impossible to make ends meet. Thus the increase provided for in this bill will to some extent, at least, be a help to those dependent upon monthly payments under the act.

Furthermore, the bill now before us also seeks to remedy what has seemed to me to be a glaring defect in the act, namely, its failure to cover all persons who are entitled to be included. This failure has caused considerable dissatisfaction and real hardship to a large portion of our people. This bill recommends substantially universal coverage.

The old-age and survivors insurance program now covers about 8 out of 10 of the Nation's jobs. The bill will extend coverage to about 10 million additional people who are not now covered. Specifically, coverage would be extended to about 3,600,000 farm operators; to about 400,000 people who are self-employed in the practice of certain professions—excepting physicians and who in my opinion should be included; about 3,500,000 employees of State and local governments under retirement systems subject, however, to voluntary agreements between the individual States and the Federal Government due to inability of the Federal Government, under the Constitution, to impose social-security taxes on the States; about 1,300,000 farm workers; about 250,000 domestic workers in private homes; about 150,000 Federal employees not covered by retirement systems; about 250,000 ministers and members of religious orders employed by nonprofit organizations if the organization elects to cover them and if at least two-thirds of such individuals elect to be covered; and certain even smaller groups.

Certain technical provisions for improvement of benefits will provide an increase for beneficiaries presently on the rolls as well as for those qualifying in the future. For present retired workers, monthly payments will range from $30 to $98.50, as compared with $25 to $85 under present law with the average increase in benefit amounts being about $6 per month. For those coming on the rolls in the future, the range of benefit payments, taking into account the increased earnings base, will be from a $30 minimum monthly benefit to a maximum $108.50. There is also a substantial change in making possible the right to earn a greater amount after retirement than is now permitted under existing law.

While the benefits have not been increased to the extent that I would have liked to see, yet I am highly pleased that at least 10 million additional persons have been brought within the act and will upon enactment of this bill be permitted to draw monthly benefits.

(Mr. WOLVERTON asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. SPRINGER].

[Mr. SPRINGER addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. WINSTEAD].

Mr. WINSTEAD. Mr. Chairman, I take this time to make an inquiry about a type of case which arises but which I have not heard discussed here today; that is, the employment of a son by his father or of a father by his son. I know of a few such cases. I had a bill before the Ways and Means Committee on that subject, and there are a number of other such bills. I know the committee did not go into that particular type of case in this bill as you have advised me. However, I should like to have that explanation for the record as to just what the committee plans to do on that.

Mr. REED of New York. We did not change the present law on that at all.

Mr. COOPER. If the gentleman will yield, I may say further that, as stated by the chairman of the committee, the present law is not changed in that respect; however, it was considered by the committee and discussed at some length, and we have the assurance of the Department of Health, Education, and Welfare that further study will be given to that particular question.

Mr. WINSTEAD. I am glad to have that information in the record. I hope the committee will see to it a correction is made.

Now may I say that in this bill many new groups are included. Some individuals prefer to be in, other individuals do not. I had hoped we would have an open rule so we could offer amendments to make such inclusion on a voluntary basis. If we cannot do that here, I trust the other body which operates under different rules, will make such election possible.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, as many of you know, I have long been associated with various groups in the old-age pension field, including the Townsend organization and the American pension plan. I am sure you will agree with me that these pension groups are entitled to a lot of credit, for they are the pioneers in the effort to bring to the attention of the American people the general problem of old-age pensions.

For over 20 years the American people have been faced with the problem of old-age pensions and from that day until this, there has been a constant effort by pension groups and many of us in Congress to solve this distressing problem. In recent years these pension groups have had their forces augmented by organizations in the field of business and by persons in all walks of life who have come to recognize that the problem is national in scope and must be dealt with at the national level and without delay.

When Congress approved the Social Security Act, our Government accepted the responsibility to provide that segment of our population eligible for benefits with security in their declining years. Since the passage of the law, it has been amended in many ways to expand its coverage, liberalize its provisions, and increase its scale of benefits. Despite all these amendments, in my opinion, the elderly citizens of this Nation do not have adequate security.

I realize that in addition to the fact-finding studies made by the Curtis subcommittee that the House Ways and Means Committee has received over the period of the past several months a lot of information from experts in the field of social security. Therefore, what I recommend will be a repetition of information that I gave to the House Ways and Means Committee during hearings on this bill and I repeat it here because it represents the views of a cross-section of the citizenry of my congressional district.

During the 83d Congress I introduced the following bills designed to amend the Social Security Act:

H. R. 1853, a bill to provide that the eligibility age for old age and survivors insurance benefits be reduced from 65 to 60 years of age.

H. R. 1942, a bill to provide that voluntary agreements for the coverage of State and local employees may include positions covered by retirements sys-

tems, without forfeiting their rights to benefits in their own retirement systems.

H. R. 2150, a bill to amend title 2 of the Social Security Act to provide that any person covered under old age and survivors insurance shall be entitled to the same primary and survivors benefit rights during a period of disability as he would be entitled to had he attained retirement age on the initial date of such period of disability.

H. R. 3103, a bill to repeal the $75 work clause that applies to old-age and survivors benefit under title 2 of the Social Security Act.

H. R. 3105, a bill to provide every adult citizen with equal basic Federal social-security payments permitting retirement with benefits at age 60 and also covering total disability and for other purposes. This legislation is commonly referred to as the Townsend plan and was explained in detail to this committee on Saturday, April 10, by my colleague the gentleman from Oregon [Mr. ANGELL].

H. R. 8420, a bill to amend the Social Security Act to eliminate the retroactive limitation upon the period with respect to which certain widows and children of veterans may receive benefits thereunder.

Mr. Chairman, all of the bills I introduced were called to the attention of the House Ways and Means Committee when I appeared before that committee April 14, 1954.

In addition to the bills which I have introduced and which represent the thinking of a cross-section of the people in my congressional district, I would like to comment on the following summary of principal provisions of the committee bill now before us.

SUMMARY OF PRINCIPAL PROVISIONS OF THE BILL

A. Old-age and survivors insurance:

First. Extension of coverage: Old-age and survivors insurance coverage would be extended to approximately 10 million persons who work during the course of a year in jobs now excluded from the program. The groups brought into the program under the bill are as follows:

(a) Self-employed farm operators whose net earnings from farm self-employment total $400 or more in a year, with a special provision to make it easier for low-income farm operators to compute their net earnings—about 3.6 million.

(b) Professional self-employed persons now excluded, other than physicians, whose net earnings from professional self-employment total $400 or more in a year, including lawyers, dentists, architects, engineers, accountants, funeral directors, osteopaths, chiropractors, veterinarians, naturopaths, optometrists, ministers, and Christian Science practitioners—about 400,000.

(c) Employees of State and local governments who are covered by State and local retirement systems, other than policemen and firemen, under voluntary agreements between the State and the Federal Government, if a majority of the members of the system vote in a referendum and two-thirds of those who vote favor coverage—about 3.5 million.

(d) Farmworkers who are paid at least $200 by a given employer in a calendar year, with special provisions to coordinate the annual earnings test with the quarterly insured status requirements—about 1.3 million.

(e) Domestic workers in private nonfarm homes—and others who perform work not in the course of the employer's trade or business—who are paid $50 in cash wages by an employer in a calendar quarter but who do not meet the 24-day test required in the present law—about 250,000.

(f) Ministers and members of religious orders employed by nonprofit organizations if the organization elects to cover them and if at least two-thirds of such individuals elect to be covered—about 250,000.

(g) Most Federal employees not covered by retirement systems, including temporary employees in the field service of the Post Office Department, census-taking employees of the Bureau of the Census, civilian employees of Coast Guard post exchanges, and certain other groups, and also employees of district Federal Home Loan Banks and the Tennessee Valley Authority, who have retirement systems—about 150,000.

(h) American citizens employed outside of the United States by foreign subsidiaries of American employers, under voluntary agreements between the Federal Government and the parent American company—about 100,000.

(i) Those homeworkers who are now excluded from employee coverage (although they may now be covered as self-employed persons) because the services they perform are not subject to State licensing laws (about 100,000).

(j) Certain employees engaged in fishing and related activities, either on vessels of 10 net tons or less or on shore (about 50,000).

(k) American citizens employed by American employers on vessels and aircraft of foreign registry—very few people involved.

Second. Computation of average monthly wage: Up to 5 years in which earnings were lowest—or nonexistent—could be dropped from the computation of the average monthly wage.

Third. Earnings base: The total annual earnings on which benefits would be computed and contributions paid is raised from $3,600 to $4,200.

Fourth. Increase in benefits: (a) More than 6.3 million persons now on the benefit rolls would have their benefits increased. The average increase for retired workers would be about $6 a month, with proportionate increases for dependents and survivors. The range in primary insurance amounts would be $30 to $98.50 as compared to $25 to $85 under present law.

(b) Persons who retire or die in the future would, in general, have their benefits computed by the following new formula: (i) 55 percent of the first $110 of average monthly wage—rather than $100 as in present law—plus 20 percent of the next $240—rather than 15 percent of the next $200; (ii) the minimum monthly benefit amount for a retired worker would be $30, and the minimum amount payable where only one survivor is entitled to benefits on the deceased insured person's earnings, would be $30; (iii) the maximum monthly family benefit of $168.75 would be increased to $200; (iv) the provision of existing law that total family benefits cannot exceed 80 percent of the worker's average monthly wage would not reduce total family benefits below 1½ times the insured worker's primary insurance amount or $50, whichever is the greater; and (v) lump-sum death payments would not exceed $255, the maximum under existing law.

Fifth. Limitation on earnings of beneficiaries: The earnings limitation on beneficiaries under age 75 would be made the same for wage earners and self-employed persons. A beneficiary could earn as much as $1,000 in a year in any employment, covered or noncovered. He would lose 1 month's benefit for each unit of $80 (or fraction thereof) of earnings (covered or noncovered) in excess of $1,000, but in no case would he lose benefits for months in which he neither earned more than $80 in wages nor rendered substantial services in self-employment. Beneficiaries residing in foreign countries would have their benefits suspended for any month in which they worked on 7 or more days.

Sixth. Eligibility for benefits: (a) As an alternative to the present requirements for fully insured status, an individual would be fully insured if all the quarters elapsing after 1954 and up to the quarter of his death or attainment of age 65 were quarters of coverage, provided he had at least 6 quarters of coverage after 1954.

(b) Benefits would be paid to the surviving aged widow, widowed mother, and children, or parents of any individual who died prior to September 1, 1950, and had at least 6 quarters of coverage.

Seventh. Preservation of benefit rights for disabled: The period during which an individual was under an extended total disability would be excluded in determining his insured status and the amount of benefits payable to him upon retirement or to his survivors in the event of his death. Only disabilities lasting more than 6 months would be taken into account. Determinations of disability would be made by State vocational rehabilitation agencies or other appropriate State agencies pursuant to agreements with the Secretary of Health, Education, and Welfare.

Eighth. Limitation on payments to persons outside the United States: Benefits to survivors or dependents would not be paid for any month in which such survivor or dependent resided outside the United States unless such survivor or dependent met certain requirements of residence in the United States or the insured individual on whose record the benefit is based was currently insured on the basis of military service wage credits or earnings as an American citizen employed abroad by an American employer.

Ninth. Deportation, and periods of unlawful residence: All benefits payable on the basis of an individual's wage record would be terminated upon notification by the Attorney General that the individual has been deported from the

United States for certain specified causes. Earnings derived during periods of unlawful residence in the United States as determined by the Attorney General could not be used in determination of insured status or benefit amount.

Tenth. Recomputation of benefits for work after entitlement: An individual may have his benefit recomputed to take into account additional earnings after entitlement if he has covered earnings of at least $1,000 in a calendar year after 1953 and after the year in which his benefit was last computed.

Eleventh. Contribution rates: Employers and employees will continue to share equally, with the rates on each being as follows:

Calendar years:	Rate (percent)
1954-59	2
1960-64	2½
1965-69	3
1970-74	3½
1975 and after	4

The self-employed would pay 1½ times the above rates.

B. Public assistance:

First. The provisions of the 1952 amendments, presently scheduled to expire on September 30, 1954, with respect to temporary increases in Federal payments to States for old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled are extended through September 30, 1955.

Second. The provisions of the 1950 amendments for approval of certain State plans for aid to the blind which did not meet the requirements of clause 8 of section 1002 (a) of the Social Security Act are extended from June 30, 1955, to June 30, 1957.

First, I want to commend the proviso that will extend social-security coverage to some ten and one-half million additional persons which include farmers, the professional self-employed groups, many additional farm hands, domestic workers, certain State and local government employees, and clergymen, on a voluntary-group basis. In my opinion, this is a step in the direction of providing security for many Americans heretofore denied social-security benefits.

It is commendable also that you have given recognition to the plight of the disabled by granting a waiver of premium provisions to protect the old-age and survivors insurance rights of persons when they become permanently and totally disabled. There are also other provisions of H. R. 9366 which meet with my approval.

Mr. Chairman, I do not wholly agree with that provision of the bill which on the average increases benefits by approximately $6 monthly for those now receiving benefits. In my opinion, the increase is too low and I am hopeful that at a future date the House Ways and Means Committee will further review the question of a further increase in benefits so that the benefit levels will keep pace with the cost of living.

One of the most serious injustices that was written into the original Social Security Act was the provision that placed a limitation of $14.99 monthly on the amount a person might earn without forfeiting his eligibility for earned benefits. Later the ceiling was increased to $50 and then $75 monthly. By H. R. 9366 the limitation is increased to $1,000 annually.

In my opinion, Mr. Chairman, I think that the ceiling on the amount a person may earn should be removed entirely because it penalizes an active retired person in good health by forcing him to give up the productive pattern of his life and relegates him to the rocking chair.

I am sure that every Member of this House will agree that this change of tempo is not good for an elderly person and in countless cases has hastened his death.

In all fairness to the retired person willing and able to work, I favor that he be permitted to do so without any strings attached.

Mr. Chairman, I would like for a moment to depart from the principal provisions of the bill to comment on the Railroad Retirement Act and its relationship to social security. H. R. 9366 will increase benefits on the average by about $6 monthly for those already retired.

Do you know that if this increase is granted the amount will be deducted from the monthly retirement benefits of railroad employees retired under the Railroad Retirement Act who are also entitled to earned social-security benefits.

This group comprises some 38,000 who are already adversely affected by the 1951 amendments to the Railroad Retirement Act which prohibits the payment of dual benefits.

Mr. Chairman, my bill H. R. 356, to amend the Railroad Retirement Act by repealing the restriction on dual benefits passed the House last July by an overwhelming vote and is now pending on the Senate Calendar. When this legislation was considered by the House, many of you recognized the validity of my argument that the prohibition against dual benefits abrogated a solemn contract and I am grateful to you for supporting my bill H. R. 356.

In concluding my statement, I want to mention again that H. R. 9366 is a step in the right direction of providing security for many Americans.

It is my hope that the House Committee on Ways and Means will immediately begin a study of H. R. 7200, a bill designed to amend the public-assistance provisions of the Social Security Act.

It is imperative that the entire field of public assistance be reviewed immediately because it is in this area of social security that there is wholesale inadequacy of benefits to a growing segment of our population.

I am of the opinion that until this situation is corrected in the field of public assistance the social-security law of our country will not—and cannot—be recognized as having solved the plight of the elderly citizens of this great Nation.

Mr. Chairman, since this bill is being considered under a closed rule which denies Members the right to offer amendments, I find myself in the position of having to vote for H. R. 9366 whether or not I approve of all its provisions.

As I mentioned, H. R. 9366 is a step in the right direction and I hope that the House Ways and Means Committee will continue its study in an effort to perfect the Social Security Act or write a new law that will give the elderly citizens of this Nation the security they are entitled to in the twilight of life.

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. PHILBIN].

Mr. PHILBIN. Mr. Chairman, this bill is not all that I should like it to be, but on the whole it moves in the right direction and I will support it.

Since the first social security bill was enacted and I may point with considerable pride to my association with it in its origin and early development, it has been very apparent that there are distinct gaps in the coverage, and distinct inequalities in the entitlements.

The present bill seeks to extend the coverage to certain farmers, ministers of the Gospel, Federal employees, State and municipal employees, professional classes, domestic workers, and many others not now covered. Coverage is available to State and municipal employees on an optional basis.

The bill eliminates certain discriminations and inequalities in existing eligibility for coverage. Professional classes particularly benefit from its provisions in that current disparities relating to them are removed. Doctors are not covered by their own choice and decision.

Several obvious inequities remain to be dealt with such as the maintenance of a decent wage or earning ceiling. The present provision is un-American—a penalty and a discouragement upon initiative. The effect of the law moreover is to work discriminations and inconsistencies destructive of worker morale.

Another unjust provision of present law bars employment by relatives of relatives even in case of serious illness. This is neither fair nor helpful to a great many people. I hope it will be relieved at an early date.

I regret that time does not allow me to discuss the bill at length.

Since it is a step toward ultimate perfection of a salutary national law enacted by the Congress which has overwhelming support, I hope this bill will be passed by a very impressive vote.

It is with a sense of strong approval that I record myself in favor of the measure.

(Mr. PHILBIN asked and was given permission to revise and extend his remarks.)

Mr. DAWSON of Utah. Mr. Chairman, it is with a good deal of enthusiasm that I rise in support of this measure.

One of the major inequities of the present social-security law is the unrealistic monthly earnings limitation that is placed upon our citizens who have earned the right to draw social-security benefits. For example under the present

act if a retired worker wants to supplement his modest monthly social security payment by doing outside work he faces the loss of all his benefits in any month during which he earns more than $75. This unfair provision, in effect, sentences him to the odd-job field of employment, prohibits him from taking advantage of fulltime seasonal employment opportunities or leaves him with the choice of forfeiting benefits he earned and paid for prior to becoming 65 years of age. When it is considered that a similar person who draws supplemental income—no matter how great—from dividends, rents or interest runs no risk of losing benefits, the present act in this regard becomes even more discriminatory.

It is with pleasure, then, that I note that the committee in this bill has done something to correct this situation. Instead of being limited to outside earnings of $75 per month, the recipient of social security may earn up to $1,000 annually in outside covered employment. This will enable those now drawing benefits to increase their living standards by taking a more active part in utilizing the skills they have developed and still retain for many more productive years.

I also would like to make this further observation on the measure as a whole. I am proud to vote for it because it is sound legislation. We have increased and liberalized benefits, but we have provided for the cost of those benefits by increasing the contribution rates. Too many times in the past our programs have suffered from an election year expansiveness. We unhesitatingly and unethically dished out money with one hand and failed to have the necessary integrity of foresight to provide a sound financial basis for our generosity. This type of doubledealing, of course, resulted in the cancellation of the entire program. What was added in the amount of grants, was pilfered back through continued inflation that more than wiped out the effect of the dollar increase. This administration, as indicated in this measure, is determined that when an increase in benefits is made its necessary partner, adequate financing, also is provided. It is the honest way to deal with our people and I am happy to support the President's program.

WE WELCOME REPUBLICAN ENDORSEMENT OF SOCIAL SECURITY

Mr. LESINSKI. Mr. Chairman, since the Social Security Act was originally enacted back in 1936, this represents, I believe, the first time the leadership and the rank and file of the Republican Party in the Congress have not tried in one way or another to torpedo it or to water it down or to knock people off the rolls.

Instead, we are seeing the majority come forward with a bill which improves the system along lines we on the Democratic side have been urging, and have not found any unfavorable or harmful provisions in this measure. It is not as good a bill as I would like to see, but it is so much better than the last social security bill to come before the House when the Republicans were in control—in the 80th Congress—that I am glad to support it. It is a startling contrast with the 1936 Republican platform promise to repeal social security.

I would like to think that the Republican Party was getting more progressive and that it will now go forward to support other needed economic improvements. There is hope, at least, even if it did take it 18 years to get around to supporting social security.

What all this proves is that if we just have patience enough and wait long enough, the Republican Party in the Congress will finally learn to understand some of the needs of the people and might even do something about them. It will, that is, if the Democrats first show the Republicans how to do it and give them 18 years to think it over, as has happened on social security. Maybe in another 18 years the Republicans will even support good housing legislation.

Mr. BENNETT of Florida. Mr. Chairman, I had hoped by the last vote on this bill to secure amendments which would have improved this legislation; but as the matter now stands I feel that it would be a mistake not to pass the bill now as it is, despite our inability to improve it by amendment. It contains needed improvements in our social security system which should not be delayed in enactment. Therefore I urge the passage of this bill at the earliest possible moment.

Before I am seated I bring to the attention of the House an extremely interesting editorial from the Jacksonville Journal which points out that America is improving with regard to stability of marriages and the birth of children, two of the most important things in any civilization.

The editorial is as follows:

SEVEN NEW PROBLEMS BORN EVERY MINUTE

American marriages remain sound, America's birth rate is one of the highest in the world.

Twenty years ago those two statements would have sounded like stuff from which dreams are made.

During the dark years of the 1930's it was widely believed that the marriage rate was dwindling, there was concern expressd that sexual restraints were breaking down, everywhere the statement, "American marriage is going on the rocks" was heard.

Cosmopolitan magazine recently took a good look at American marriage and found that, contrary to the fears of two decades ago, today American marriages are stronger than ever before. It was a rough period 20 years ago, a period that strained the institution of marriage, but that institution survived very well. We have now become the most marrying people in the world. Our present marriage rate runs 93 percent of all those of marriageable age. Couples are marrying earlier. The divorce rate has reached its peak and is now declining.

This solidity of American marriage is being reflected in the birth rate. It is hard to believe, in view of the dire predictions of the mid-1930's, that our population had reached its peak because of the declining birth rate, that today the rate is approaching that of teeming India. A child is born in this country every 8 seconds, 7 per minute. Last year there were 4 million births, only 1,500,000 deaths, a net gain in population of 2,500,000 in native-born alone. In just 4 years our population has jumped 15 million. Our population growth is 8 times that of Great Britain, of France, of Italy, or of Canada.

Instead of the cry of 20 years ago that this Nation faced suicide because of the declining marriage and birth rate, today we need to show some concern about how we're going to handle our burgeoning population. In a period of food surplus it seems strange to worry about shortages, but at the present rate we are going to have 30 million more mouths to feed in the next 10 years. We are going to need some planning on our school systems to handle the continuing baby boom when they get to be school age. Our people over 65 are growing by leaps and bounds as medical science stretches the average life span. There were 9 million over 65 in 1940; there are 13,600,000 today; there will possibly be over 20 million by 1975. And the oldsters present special problems, too.

We had better get busy with these problems, for every minute we delay 7 new problems are being born and 2 or 3 older problems are living to a riper old age.

Mr. BROOKS of Louisiana. This is a period of graduations. Young people throughout the Nation are graduating from high school and from college. It is a great thing in the lives of these young people to be able to receive their diplomas with the benediction of having successfully completed a long, arduous course of study in the public schools of the Nation. There are three outstanding events in the lives of every person; namely, birth, graduation and marriage. I have just returned from the graduation of my daughter, in the schools here, and I am very proud of the fine scholastic record which she made.

I now leave the field of academic endeavor and turn to a more practical situation, the passage of this bill to amend the Social Security law. This morning I voted against the motion for the previous question. I want to defeat the motion. If the motion ordering the previous question had been defeated, the House then would have been free to vote for amendments to this bill which is before us and which has for its purpose the amending of the Social Security law. Certain groups wished to be included in the bill as presently drawn, and other groups wish to be excluded from the terms of the bill. My idea has been always that we should include within the terms of the Social Security statute those groups which wished to be included and eliminate therefrom those groups which have no interest in being covered by Social Security.

A great many dentists have written me asking that they not be included in the terms of this statute. The amendment does include dentists. Other groups no doubt are equally as interested in being excluded from the terms of the bill but the failure to vote down the previous question earlier today gives us no opportunity to vote for any amendment whatsoever to the bill.

Because of this parliamentary situation, we have been gagged into accepting the bill as it is or rejecting it as it is. Between the two I am supporting the amended bill.

Social security as we know it in the United States is still on trial. It has been the law of the land for almost 20 years and so vast is it in scope and so multitudinous are its benefits that 50, and perhaps 100 years, must go by before we can truthfully reach a fair judgment

as to the value of this type of legislation. I therefore want to build carefully, judiciously and yet progressively legislation which we can say over a period of years will have a chance to work out as being benign, helpful legislation for the vast majority of the people of the United States of America.

I think the real test of the value of social security is yet to come. I am going ahead in supporting this legislation. When a real serious depression comes, or if it should ever come again to the United States, the true value of social security will then be made fully known to our people. The test will then come as to whether the reserves set up under our system are adequate and whether the payments are sufficient to support our people properly in times of deep economic distress and to maintain the warp and woof of our national economic system when the stress and strain becomes greatest. The measure puts hope and courage into the hearts of the little people of America.

I do not look for any serious trouble in passage of the measure. I doubt that there will be a dozen votes against this. We are largely sold upon the necessity of some sort of legislation adding to the social-security system which we have given to the people of America.

Mr. FISHER. Mr. Chairman, it is regrettable that the pending measure, providing for an expansion of coverage of social security and an increase in the social-security tax, is before us on a closed rule. I voted this afternoon against the closed rule. Now we have no opportunity or right to even offer an amendment which we may think desirable. The only way a Member can protest the provisions which are considered undesirable is to vote against the measure. We cannot separate the desirable from the undesirable in expressing our views.

I call attention to the expansion feature which makes it compulsory that dentists, lawyers, veterinarians, farmers and ranchmen, as well as certain others, be included. These people are given no option. The inclusion is compulsory. The bill makes it a felony for anyone to refuse to participate, and pay—eventually—up to 6 percent of their income, in the case of the self-employed, up to $4,200 per year, into the social-security fund. They are given no option, no choice, no voice, no right to decide for themselves. We are called upon to make that decision for them here today. In regard to this compulsion, the Texas Dental Association, for example, in a telegram states that the dental profession in Texas is unalterably opposed to the compulsory provisions of the bill.

There are admittedly a number of inequities in the present law which need to be corrected. This measure contains some improvements in the present program but other inequities are not adequately dealt with. Again, Mr. Chairman, I voice my disappointment in the action of the House earlier today in refusing to permit amendments to the pending bill.

Mr. RHODES of Pennsylvania. Mr. Chairman, I intend to vote for this social-security bill, known as H. R. 9366. In my opinion, the proposal is a step in the right direction, but it is far from adequate. In view of the tremendous surplus of food and other essentials of life that are piling up in the Nation's warehouses, I can see no reason why retired persons should not have a greater opportunity to help consume this surplus. Added purchasing power in the hands of retired folks who depend on social-security checks would be put into consumer goods and services. It would be a stimulant for business and prosperity, as well as a measure of justice for deserving old folks.

The bill falls short in that it does not provide benefits for disabled persons at whatever age misfortune strikes. It is quite evident that a husband and father who becomes disabled at an early age is in far greater need at the time of disability than a man who reaches age 65 without becoming disabled. To make totally disabled persons eligible for social-security benefits would be doing justice to many unfortunate families who are now denied proper care. It would give children of disabled persons opportunities they should be entitled to but do not now enjoy. Furthermore, adequate purchasing power for such families would also contribute toward solving the challenging problem of abundance which seems to befuddle and confuse administration leaders and which has contributed so much to the present business decline.

Another provision which should have been incorporated is one which would reduce retirement age for both men and women. It is especially important that consideration be given to reduce the retirement age for women to at least 60 years. There is a lack of employment opportunities for widows over 50 years of age. It is virtually impossible for many of them to find jobs. For that reason I believe the Congress makes a mistake in not adopting the 60-year provision for women at this time.

This bill, which proposes to increase minimum benefits from $25 to $30 is inadequate in this respect also. Many of us feel that the amount should have been increased by at least another $5 per month. Even at $35 it is quite clear that the money will not go very far unless the retired person has an additional source of income.

If these proposals which I suggest would have been included we would have a much better social-security program, one which would have contributed substantially in blocking the present recession trend.

But when it is considered that the social-security program has been bitterly opposed ever since its enactment in 1935, the improvements proposed this year and now supported by old-time foes of this so-called welfare-state legislation, is indeed a great step forward.

Opponents of old-age pensions and social-security generally have been afraid to attack the program head on, but social security was the very heart of the hated welfare-state program, as GOP opponents of this New Deal-Fair Deal legislation liked to call it.

In 1936, Republican Presidential Candidate Landon proposed direct repeal of social security in his campaign. Even President Eisenhower, in his presidential campaign, referred to security as something to be had in a prison cell.

As late as a few months ago, social security was described as "a trojan horse within our walls" by George E. Morton of the Wisconsin Bar Association. Morton said:

> The social security of the National Government for real security of living in time of want or need, and as insurance for payment of which the tax is the premium is the greatest fraud that was ever perpetrated on the free people in the history of the world.

In December of 1953, the U. S. News & World Report questioned the safety of old-age security pensions. It raised doubts about the future of retirement checks. The magazine was playing up the point raised by the so-called investigating committee of the Congress, which studied social security. It referred to shaky security and questioned how much security there is in social security. The story also quoted Representative CARL CURTIS of Nebraska on the legality of social security. He questioned it on the grounds that there is no contract or binding commitment between the Government and millions of workers and their families.

Nation's Business of December 1953, an article by Leonard J. Calhoun, referred to social security, and said:

> It's social but it's not security.

The Houston Post, the newspaper published by the husband of Mrs. Oveta Culp Hobby, Secretary of the Department of Health, Education, and Welfare, praised housewives of Marshall, Tex., for defying the social-security law by failure to pay social-security taxes for household servants.

There are still bitter foes of social security. But many old opponents, including Members of the Congress, have accepted social security as something that is here to stay. Perhaps some of them have decided that it is unwise to oppose such popular legislation which is now deeply entrenched in the hearts of American citizens and written into the laws of the land.

All of that shows that H. R. 9366 reflects a tremendous change on the part of ancient foes. This most controversial legislation of the past now becomes the most popular noncontroversial issue.

It was once said that social security and pensons for the aged would destroy initiative. Actually the progress which has been made on this vital legislation is a result of increasing interest and initiative on the part of the average citizen. People do not accept the theory in this age that any person should go hungry or without the necessities of life when we are blessed with abundance.

This same spirit of initiative will help correct inadequacies which remain. It will wipe out other evils which deny justice to our senior citizens who unfortunately did not have the opportunity for coverage under social security.

There is a great need for improvement in Federal legislation which now pro-

vides aid to the States for public assistance, aid to the blind, and other needy persons.

The means test employed by the States is morally and socially wrong. It destroys many family relationships. It is embarrassing and heartbreaking to many aged persons. The means test creates a burden to many families of young people. It is a serious problem which deserves the attention of the Congress.

A bill which I introduced would compel States to abolish the means test in order to receive contributions from the Federal Government for public-assistance programs. The Social Security Act should be amended to include such a provision. It would greatly improve inadequate State laws on public assistance.

There can be little doubt that Congress will take such steps in the future. It is unfortunate that there should be any delay. There are many shortcomings that I can see in the present bill but what is proposed is a forward step and will have my support.

Mr. DOLLINGER. Mr. Chairman, it is gratifying to have the opportunity to vote for the proposed social security amendments now before us for consideration. The benefits provided will be a great boon to the millions dependent upon social security, and those who have suffered hardships because of lack of coverage under the law or insufficient payments in these days of high living costs.

The amendments are a step in the right direction, a reversal of the former policy of the Republicans who heretofore have opposed the program. There is much room for improvement but at least the value, soundness, and need for this great program of economic security have been recognized by its erstwhile enemies, who at one time advocated its repeal and did all they could to halt its progress.

It was in 1935 that the Social Security Act became law under the leadership of President Roosevelt. At that time the Republicans bitterly opposed the act; thereafter, they cut down on the coverage of the law and fought against liberalizing the benefits provided. The Democratic Party can take pride in the fact that under its leadership this great and beneficial program for workers was begun, that its leaders saw the need for safeguards against unemployment, destitution, and dependency, fought for the law, and won against powerful opposition. It is good to know that the Federal Government, under Democratic administration, recognized its duty to aid the States in caring for the aged, the blind, the disabled, and dependent children.

Under the present law, many employees upon becoming disabled, unemployed, or forced to retire, have found themselves without financial assistance of any kind because they were not covered by the act. The amendments before us extend the old-age and survivors insurance coverage to several hundred thousand workers. Among those are persons, in certain categories, employed in domestic service, those who perform services not in the course of their employer's business; seamen; ministers. Many other employee groups have asked for coverage under the law, and it is hoped that adequate protection will be given them before long.

We know that retired persons have been unable to exist on small pensions or retirement payments and have had to supplement their incomes by doing some kind of work. Under the present law, those retired on social-security pensions were permitted to earn only $75 a month—if they earned more, they would lose the social security benefit for that month. They were penalized for trying to earn enough to meet the simplest needs of living. Now it is proposed that all retired persons be permitted to earn $1,000 a year without losing any pension benefits—and then to lose only a limited amount if they earn more than this total.

There has been a crying need for this change in the law—it will mean the difference between bare existence and decent living for many thousands of persons. Considering the high cost of living and tremendous taxes, this earning exemption should have been increased even more, and I shall continue to advocate liberalization of the law in this regard.

The amendments before us guarantee a minimum increase of at least $5 a month to all present beneficiaries. Pensions will be raised by amounts ranging from $5 to to $23.50 a month. Under the present law, payroll taxes apply to income up to $3,600 per year; this would be increased to $4,200 per year. The law also provides for increases in payments to widows and children getting survivors' benefits. It is also proposed to bring many groups of self-employed persons into the old-age insurance system. Self-employed persons have needed the protection of social security and it is hoped that the groups now omitted will receive favorable consideration soon, for they have proved their need for the assistance provided by the law.

As stated before, the Social Security Act constituted a great stride toward fulfilling our duty to those who could not care for themselves, who were without assurance of any income of any kind, who after years of hard work found themselves destitute. Its shortcomings have been apparent. The amendments before us will help. I am happy for all those who will receive adequate help and whose needs will now be taken care of. However, we must not lose sight of the fact that as the economic picture changes, more help must be given; that many thousands not now covered by the law need assistance.

Congress cannot afford to rest on its laurels after passage of these amendments—we must continue to work toward the day when all those who need protection under social security will be given it, when all the needy in our country will receive adequate benefits.

Mr. ADDONIZIO. Mr. Chairman, on Friday, May 28, the Ways and Means Committee of the House of Representatives reported out a bill described as the Social Security Act amendments of 1954. May I say that, in the beginning, any proposal for amendment of the Social Security Act must receive the closest attention which each one of us can give. For when we are legislating with respect to social security we are intimately concerned with the problem of nearly every family in this country. The letters from such families which come to my office every day are ample evidence that the existing system contains many inadequacies. Indeed, I am perfectly certain that we have a long way to go before we can be sure that the word "security" properly belongs in the title of our social-security system.

I am, then, concerned that we consider this legislation in the light of the situations of these families as we know of their unhappy circumstances from personal experience or through the letters from home. I am concerned with the plight of the aged men and women, the widows, and the mothers who write of their problems in the individual terms of trying to stretch their social-security income to meet today's costs of food, clothing, and shelter. It is, I think, only necessary to remind this Congress that the average benefit under social security today is around $50 per month—or $600 per year—to make the point that we are far from the goal of providing assurance against want through our social-security system.

The present bill is, in many respects, a short step in the right direction. It provides a slight increase in benefits. It contains a wage-credit freeze for persons who must retire from the labor force because they are permanently and totally disabled—but this is a very short step ahead, in my opinion, because it fails to provide the much-needed benefits for disabled persons. It revises and liberalizes the work clause—or retirement test—so that those people who are able to work and able to find work can earn more substantial amounts without being penalized by losing their benefits because of that work. And it substantially extends the coverage of the social security system.

We are told that coverage has been extended as substantially as is practical and possible at this time in order to meet the wishes of those occupation groups who now lack such protection. I hope this is true. For it is clear to me that, until we have achieved practically universal coverage—so that every family in the United States will have the assurance of social-security protection—we will not have conformed to the purposes of this genuinely sound social insurance system.

How many people do you know who have lost their benefit rights entirely—or whose benefits have been substantially reduced because they worked for a considerable period of time in uncovered employment?

How many letters have you received from young widows with small children who found themselves alone and penniless as a result of the untimely death of the husband and father—because he was not working in covered employment? And remember that, if he had been covered, the social security system would move in, in this time of great tragedy, to provide benefits not only for the young widow, but for each of the children un-

der 18 years of age. In my mind, this one protection alone is justification for providing coverage for every worker in the United States.

I recall that, back in 1937 when the payroll tax first went into effect, many covered workers were concerned, and questioned the incidence of this payroll tax for an untried and sometimes misinterpreted social-security system. The warnings and protestations of that time have, as we know, all disappeared as the system has grown. The fact that the skeptics of those early days have been convinced of the essential soundness of the principles enunciated in that first social-security law was amply demonstrated at the recent hearings before the Ways and Means Committee when representatives of labor and industry, of insurance companies as well as of social welfare organizations, all joined together in approval of the purpose of extending the coverage of social security substantially.

I am glad, therefore, that the bill, H. R. 9366, which has been reported for the consideration of this House increases the coverage of the social-security system by about 10 million persons. But I regret that action is feasible only under a closed rule, which will permit no amendments from the floor because I am convinced that it does not go far enough in certain other important respects.

I question, for example, whether the small increase in benefits which it provides will represent much help when it comes to meeting the living costs of today. When I am told that the committee's bill will provide an increase of from $5 to $7 per month in social-security benefits, I remember that the average benefit today is, as I have said, only around $50 per month. Can any of us really believe that by increasing this average to around $55 or $57 per month we shall actually have provided a form of basic security for the American people? I am not surprised, in view of these figures, that 1 in 6 men, 1 in 5 women, and 1 in 8 widows now receiving social-security benefits are forced to seek supplemental payments from public assistance programs in order to meet the barest of living expenses. And I remind this Congress that 1 in 8 men, 1 in 6 women, and 1 in 4 aged widows now receiving benefits have no other income. Let us not, then, imagine that we are, in this bill, providing any genuine or meaningful improvement of existing benefits. It will help a little—and for that reason, of course, I shall support the bill. But I am supremely aware of the fact that it is only a token gesture—a small step, as I have said, in the right direction. For my own part, I am looking forward to the day when we can genuinely liberalize the benefit schedule so that when we talk about social security we will mean real security for our old folks and for young widows and their children.

Another much-needed improvement which is completely ignored in this bill is a lowering of the eligibility age. Why is it, I wonder, that we have moved in the direction of bringing our social security system up to date with the magnificent productivity of our time in most other respects—but we still cling to the eligibility age of 65 which was set arbitrarily almost two decades ago?

Meanwhile many other retirement plans have been adjusting their plans to allow for retirement at age 60 or, in some cases, to as low as age 55. This trend has grown in many industrial plans because of the realities of an industrial society—and in spite of the fact that most of these plans are geared into social security and must thus make special arrangements for the interval between their own earlier retirement age and age 65 when social security benefits will be made available.

By lowering the retirement age to 60 years at least, we would be conforming with modern practice in private plans. I remind you that this Congress has accepted a lower retirement age in connection with certain other public programs approved by legislation. Workers under the railroad retirement system, for example, are eligible at age 60 with 30 years of service. By lowering the retirement age of social security to 60 years at least, we would be conforming with modern and enlightened pension planning. And, at the same time, we would simplify and improve the manner in which public and private plans, which have moved ahead to accept an earlier age, can be geared into social security.

Even more important, perhaps, is the fact that a lower retirement age would relieve destitution in many homes where the elderly breadwinner has been laid off or is unable to work but has not yet attained his or her 65th birthday. For such families our present system sets up a period of endurance on the sole ground that age should be the determining factor in providing retirement benefits. This inequity could be alleviated by providing a lower retirement age.

Let us be realistic about this matter. Such a provision would not mean that workers would be forced to retire at age 60 if they did not need to or want to. Retirement under social-security is, of couse, up to the individual. Indeed, the average worker today does not apply for benefits until he is 68 or 69 years of age—or about 4 years after he is eligible. Lowering the eligibility age to 60 years would not, then, mean that thousands of workers would retire prematurely from the labor force, as some would have us believe. But it would mean that many less fortunate workers between the ages of 60 and 65 who cannot work—either because they are sick or because no one will hire them—would not be forced to wait for 5 long years between their 60 and 65th birthday before they are eligible for social-security benefits.

I am greatly concerned, moreover, with one feature of the bill which, to my mind, is a long step backward. I refer to the new provisions making certain limitations on the benefits which shall be paid to persons who have qualified for social insurance—and have made their own tax constribution—in the same way as everyone else under the system has done, but who choose to spend their years of retirement outside the United States. Under the proposed bill benefits to survivors or dependents of such persons would not be paid for any month in which they were living outside the United States unless they met certain residence requirements in the United States.

First of all, I call your attention to the fact that this section of the bill was added just before it was reported out of the Committee on Ways and Means. It was not contained in the bill H. R. 7199 which was considered at the hearings. There was no opportunity, therefore, to air this proposal in the public hearings in connection with the bill and to test its merits or lack of merits. It was just slipped in at the last minute, in a measure which is before this House under a closed rule so that there will be no opportunity to remove or revise it by amendment.

As I have said, this provision is to my mind a very serious step backward. For the first time in our social security system, the principle that the right to benefits is an earned right is threatened. For if we begin by saying that the dependents and survivors of certain workers are not entitled to equal rights with other workers, we are establishing a precedent which can dangerously threaten the rights of all workers to benefits.

Let us be very clear about the fact that this is a contributory social insurance system, and that every worker who qualifies contributes his share to his retirement benefit. But by adopting this provision we would be establishing a category of second-class beneficiaries. We would be violating the principle of equal benefits for equal work records which is very fundamental to our social-insurance system. We would establish a new and dangerous precedent that a worker must meet certain conditions beyond those which apply to his work record in qualifying for social security. Once such a precedent is accepted, the right to benefits will be subject to the whim or prejudice of any future Congress. For these reasons, among others, I feel certain that when the people of this country become aware of the implications of this new provision, it will be summarily removed and never written into law.

These are a few of the questions which deserve, then, the earnest considerations of all of us as we act upon the social security amendments of 1954. Let us be alert and concerned that any law which passes this session of Congress shall be, indeed, a genuine improvement of our social security system. None of us can doubt that there is great need for many improvements. We may have to accept the small steps forward contained in the present bill pending the day when we can make the more extensive improvements which will bring the system up to date and in line with the magnificent increase in our productive power. I shall support the improvements which this bill makes. But I am looking forward to the day when we can take a long step forward in improving social security in the United States.

Mr. DONOHUE. Mr. Chairman, I am very glad to speak once again in support of the expansion of our present social-security legislation.

As I have repeatedly stated on the floor of this House, over the past 8 years, if we cannot afford to give a concrete demonstration of the ability of this blessed country to reasonably provide for security of our older citizens' enjoyment of abundant American life, then we have no right to tell Communist followers that our democratic process is more inherently Christian than their pagan godless state of servile slavery.

In my firm judgement, adequate social-security legislation is a sound barrier against the advancing scourge of communistic propaganda and philosophy which is challenging us this very hour and is forcing us to fight for our very survival.

There are still a great many technical inequities in this measure that I hope will be adjusted in future consideration but since it is this bill or no bill I urge my colleagues to approve it without further delay. In substance it is a real step forward for those of us who have persistently advocated increased coverage and more liberal benefits.

This measure has many sound progressive features which, although many of us feel they do not go far enough, are nevertheless major improvements in the existing law. It lifts some of the penalty on those retired citizens, true Americans, who are ready and able to still perform valuable work. It enables them to earn $1,000 a year in outside income and not lose their social security benefits. Present law restricts outside income to $75 a month.

It increases benefits for persons now retired. The minimum payments would go up from $25 to $30 a month and the maximum from $85 to $98.50.

In determining a worker's average monthly wage, the 4 years in which his wages were lowest would be dropped. Benefits go up as the average monthly wage goes up.

The wage base which is subject to the social-security tax will be raised from $3,600 to $4,200 a year. In addition it proposes a freeze on old-age insurance benefits of persons who become disabled, so that upon reaching 65 a worker disabled would become eligible for retirement benefits at the amount he would have received had he been eligible for them when disabled.

In the overall analysis this bill strives to correct numerous inequalities that have been demonstrated from the testing ground of experience. It is a healthy indication that as time goes on this Congress will more and more recognize the obligation we have to our older citizens to remove, in a Christian spirit, the haunting and despairing darkness of fear of want that comes in the sunset of life to so many Americans through no fault of their own, other than generosity of their own families.

How much stronger, how much more resistant to Communist entreatment and intrigue this Nation will be when its citizens are assured that our great business system and our Government, working harmoniously together, have established a dignified, humane financial operation making them eligible to receive what every worthy working American deserves, namely, reasonable security in time of adversity and dire need.

Mr. Chairman, the major provisions of this bill are in the Christian democratic spirit upon which this country was founded and it is only by an enlargement and progression of that spirit this Nation can hope to endure in the face of the Communist challenge. Let us therefore enact this measure now and diligently work to improve it in the future.

The CHAIRMAN. Under the rule, if there are no further requests for time the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means. Are there any committee amendments?

Mr. REED of New York. No, Mr. Chairman; there are no committee amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JENSEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, pursuant to House Resolution 568, he reported the bill back to the House.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. COOPER. On that I demand the yeas and nays, Mr. Speaker.

The yeas and nays were ordered.

The question was taken; and there were—yeas 355, nays 8, answered "present" 2, not voting 69, as follows:

[Roll No. 78]

YEAS—355

Abbitt	Betts	Carnahan
Abernethy	Bishop	Carrigg
Adair	Boggs	Cederberg
Addonizio	Bolling	Celler
Albert	Bolton, Frances P.	Chatham
Alexander	Bolton, Oliver P.	Chenoweth
Allen, Calif.	Bonin	Chiperfield
Andersen, H. Carl	Bosch	Chudoff
Andresen, August H.	Bow	Church
Andrews	Bowler	Clardy
Angell	Boykin	Clevenger
Arends	Bramblett	Cole, Mo.
Aspinall	Bray	Cole, N. Y.
Auchincloss	Brooks, Tex.	Colmer
Ayres	Brown, Ga.	Coon
Bailey	Brown, Ohio	Cooper
Baker	Broyhill	Coudert
Barrett	Buchanan	Cretella
Bates	Budge	Crosser
Battle	Burdick	Crumpacker
Beamer	Busbey	Cunningham
Becker	Byrd	Curtis, Mass.
Belcher	Byrne, Pa.	Curtis, Mo.
Bennett, Fla.	Byrnes, Wis.	Curtis, Nebr.
Bennett, Mich.	Camp	Dague
Bentley	Campbell	Davis, Ga.
Bentsen	Canfield	Davis, Tenn.
Berry	Cannon	Davis, Wis.
Deane	Jones, N. C.	Dawson, Ill.
Delaney	Judd	Dawson, Utah
Dempsey	Karsten, Mo.	Polk
Derounian	Kean	Price
Devereux	Kearney	Priest
D'Ewart	Kearns	Prouty
Dies	Keating	Rabaut
Dodd	Kee	Radwan
Dollinger	Kelley, Pa.	Rains
Dondero	Kelly, N. Y.	Ray
Donohue	Keogh	Rayburn
Donovan	Kersten, Wis.	Reams
Dorn, N. Y.	Kilday	Reece, Tenn.
Dorn, S. C.	King, Calif.	Reed, Ill.
Dowdy	King, Pa.	Reed, N. Y.
Durham	Kirwan	Rees, Kans.
Eberharter	Klein	Rhodes, Pa.
Edmondson	Knox	Roberts
Ellsworth	Laird	Robsion, Ky.
Evins	Landrum	Rodino
Fallon	Lane	Rogers, Colo.
Feighan	Lanham	Rogers, Fla.
Fenton	Lantaff	Rogers, Mass.
Fernandez	Latham	Rogers, Tex.
Fine	LeCompte	Rooney
Fino	Lesinski	Roosevelt
Fogarty	Long	Sadlak
Forand	Lovre	St. George
Ford	Lyle	Saylor
Forrester	McCarthy	Schenck
Fountain	McConnell	Scherer
Frazier	McCormack	Scott
Frelinghuysen	McCulloch	Scrivner
Freidel	McDonough	Secrest
Fulton	McGregor	Seely-Brown
Gamble	McIntire	Selden
Garmatz	McMillan	Shafer
Gary	McVey	Sheehan
Gathings	Mack, Ill.	Shelley
Gavin	Mack, Wash.	Short
Gentry	Madden	Shuford
George	Magnuson	Sieminski
Golden	Mahon	Simpson, Ill.
Goodwin	Mailliard	Small
Gordon	Marshall	Smith, Miss.
Graham	Matthews	Smith, Wis.
Granahan	Meader	Spence
Grant	Merrill	Springer
Green	Merrow	Staggers
Gregory	Metcalf	Stauffer
Gross	Miller, Kans.	Steed
Gwinn	Miller, Md.	Stringfellow
Hagen, Calif.	Miller, Nebr.	Sullivan
Hagen, Minn.	Miller, N. Y.	Taber
Hale	Mills	Talle
Haley	Mollohan	Taylor
Halleck	Morano	Thomas
Hand	Morgan	Thompson, La.
Harden	Moss	Thompson, Mich.
Hardy	Moulder	Thornberry
Harrison, Nebr.	Multer	Tollefson
Harrison, Va.	Mumma	Trimble
Harrison, Wyo.	Murray	Van Pelt
Hart	Natcher	Van Zandt
Harvey	Neal	Vinson
Hays, Ohio	Nelson	Vorys
Heller	Nicholson	Vursell
Herlong	Norblad	Wainwright
Heselton	Norrell	Walter
Hess	Oakman	Wampler
Hill	O'Brien, Ill.	Warburton
Hillelson	O'Brien, Mich.	Watts
Hinshaw	O'Brien, N. Y.	Westland
Holifield	O'Hara, Ill.	Wharton
Holmes	O'Konski	Wheeler
Holtzman	O'Neill	Whitten
Hope	Osmers	Wickersham
Horan	Ostertag	Widnall
Hosmer	Passman	Wier
Howell	Patman	Wigglesworth
Hruska	Patten	Williams, Miss.
Hyde	Pattersen	Williams, N. J.
Ikard	Pelly	Williams, N. Y.
Jarman	Perkins	Willis
Javits	Pfost	Wilson, Ind.
Jenkins	Philbin	Winstead
Jensen	Pilcher	Withrow
Johnson, Wis.	Pillion	Wolverton
Jonas, N. C.	Poage	Yates
Jones, Ala.	Poff	Young
		Zablocki

NAYS—8

Burleson	Lucas	Smith, Kans.
Fisher	Regan	Teague
Hoffman, Mich.	Robeson, Va.	

ANSWERED "PRESENT"—2

Smith, Va. Tuck

NOT VOTING—69

Allen, Ill.	Blatnik	Brownson
Ashmore	Boland	Buckley
Barden	Bonner	Bush
Bender	Brooks, La.	Carlyle

Chelf	Hunter	Rhodes, Ariz.
Condon	Jackson	Richards
Cooley	James	Riehlman
Corbett	Johnson, Calif.	Riley
Cotton	Jonas, Ill.	Rivers
Dingell	Jones, Mo.	Scudder
Dolliver	Kilburn	Sheppard
Doyle	Kluczynski	Sikes
Elliott	Krueger	Simpson, Pa.
Engle	Lipscomb	Sutton
Gubser	Machrowicz	Thompson, Tex.
Harris	Martin, Iowa	Utt
Hays, Ark.	Mason	Velde
Hébert	Miller, Calif.	Weichel
Hiestand	Morrison	Wilson, Calif.
Hillings	O'Hara, Minn.	Wilson, Tex.
Hoeven	Phillips	Wolcott
Hoffman, Ill.	Powell	Yorty
Holt	Preston	Younger

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Wilson of California for, with Mr. Utt against.

Mr. Engel for, with Mr. Mason against.

Mr. Simpson of Pennsylvania for, with Mr. Wilson of Texas against.

Mr. Thompson of Texas for, with Mr. Rhodes of Arizona against.

Mr. Dingell for, with Mr. Smith of Virginia against.

Mr. Harris for, with Mr. Tuck against.

Mr. Allen of Illinois for, with Mr. Weichel against.

Until further notice:

Mr. Bender with Mr. Morrison.

Mr. Martin of Iowa with Mr. Hays of Arkansas.

Mr. Brownson with Mr. Hébert.

Mr. Hoeven with Mr. Buckley.

Mr. Hoffman of Illinois with Mr. Doyle.

Mr. Holt with Mr. Sikes.

Mr. Jackson with Mr. Ashmore.

Mr. Jonas of Illinois with Mr. Miller of California.

Mr. Hiestand with Mr. Yorty.

Mr. Wolcott with Mr. Sheppard.

Mr. Younger with Mr. Preston.

Mr. O'Hara of Minnesota with Mr. Kluczynski.

Mr. Lipscomb with Mr. Machrowicz.

Mr. Gubser with Mr. Riley.

Mr. Kilburn with Mr. Blatnik.

Mr. Bush with Mr. Chelf.

Mr. Phillips with Mr. Condon.

Mr. Velde with Mr. Bonner.

Mr. Scudder with Mr. Cooley.

Mr. Hillings with Mr. Brooks.

Mr. Corbett with Mr. Powell.

Mr. Cotton with Mr. Boland.

Mr. Johnson with Mr. Elliott.

Mr. James with Mr. Sutton.

Mr. Dolliver with Mr. Richards.

Mr. Hunter with Mr. Rivers.

Mr. Krueger with Mr. Jones of Missouri.

Mr. SMITH of Virginia. Mr. Speaker, I have a live pair with the gentleman from Michigan, Mr. DINGELL. If he were present, he would have voted "aye." I voted "nay." I withdraw my vote and vote "present."

Mr. TUCK. Mr. Speaker, I have a live pair with the gentleman from Arkansas, Mr. HARRIS. If he were present, he would have voted "aye." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that all Members who so desire may extend their remarks in the RECORD immediately prior to the passage of H. R. 9366.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SPECIAL ORDER GRANTED

Mr. CANFIELD asked and was given permission to address the House today for 15 minutes, following any special orders heretofore entered.

PERSONAL EXPLANATION

(Mr. BOLAND asked and was given permission to address the House for 30 seconds.)

Mr. BOLAND. Mr. Speaker, if I had been present and could qualify to vote on H. R. 9366, I would have voted "yea." I was detained in another part of the building.

PROGRAM FOR TOMORROW

(Mr. HALLECK asked and was given permission to address the House for 30 seconds.)

Mr. HALLECK. Mr. Speaker, on tomorrow it is our plan to call up H. R. 8923 having to do with the Coosa River in Alabama. The bill has been reported by the Public Works Committee, I understand, unanimously. A rule has just been granted on it today. We shall dispose of it tomorrow.

RETIREMENT OF VICE ADM. MERLIN O'NEILL, COMMANDANT OF UNITED STATES COAST GUARD

The SPEAKER. Under previous order of the House, the gentleman from New Jersey [Mr. CANFIELD] is recognized for 15 minutes.

(Mr. CANFIELD asked and was given permission to revise and extend his remarks.)

Mr. CANFIELD. Mr. Speaker, the retirement today of Vice Adm. Merlin O'Neill as Commandant of the United States Coast Guard is both a sad and a happy occasion. Congressional committees before which he appeared for so many years will sadly miss his lucid explanations of Coast Guard problems. But those of us who came to know and respect him, both as personal friend and as spokesman for the Coast Guard, can be only happy with him in his decision to seek rest and contentment after 33 years of distinguished, devoted and often arduous duty.

It is appropriate at this time that we take note of the high points of his outstanding service to the Coast Guard and to the Nation. Merlin O'Neill was born in North Kenova, Ohio on October 30, 1898. He was graduated from Morgan City High School, Morgan City, La., attended Western Kentucky State Normal School in 1916 and 1917 and prepared for the United States Coast Guard entrance examinations at Marion Institute, Marion, Ala., before his appointment as a cadet in July 1918.

Graduated and commissioned an ensign in March 1921, he began the traditional career of a Coast Guard officer—of sea duty interspersed with shore assignments.

His sea duty included 3 cruises as a junior officer on the Bering Sea patrol and, during World War II, as commanding officer for nearly 2 years of the U. S. S. *Leonard Wood*, an assault transport. During this time his ship took part in amphibious operations in North Africa and Sicily and the Gilbert and Marshall Islands. For his services during this assignment he was awarded the Legion of Merit and the Navy Unit Commendation.

Ashore, Admiral O'Neill served as an instructor at the Coast Guard Academy and as Commandant of cadets. His first assignment in Washington was in the Office of Operations in 1936. The next year he served as technical adviser to the United States delegation at the International Whaling Conference in London. He became the first director of the Coast Guard Auxiliary in 1939. After his duty aboard the *Leonard Wood* he became commanding officer in 1944 of the Coast Guard amphibious training unit at Camp Lejeune, N. C. In 1945 he returned to Coast Guard Headquarters in Washington as Assistant Chief, Finance and Supply Office.

In February 1946 he was nominated by President Truman for appointment as Assistant Commandant with the rank of rear admiral. He served in this capacity under Adm. Joseph F. Farley until he took office as Commandant on January 1, 1950.

During his nearly 4½ years as Commandant, Admiral O'Neill achieved marked success in obtaining closer cooperation between the Coast Guard—as the Government's maritime law enforcement agency—and shipowners and boatmen. He has insisted that the maintenance of safety and order in maritime navigation should not be limited to the strict enforcement of the law, but also should include a program of education among shipowners and boatmen and the enlistment of their cooperation and self-regulation in the prevention of marine casualties. This policy has resulted in numerous commonsense working agreements between the Coast Guard and the maritime industry, and at considerable saving of public funds.

As Admiral O'Neill leaves this great responsibility he must have a deep feeling of satisfaction in knowing that his duties will pass to the capable hands of Vice Adm. Alfred C. Richmond, who has been Assistant Commandant for the last 4 years.

The Nation and the Coast Guard are fortunate in thus having an officer of Admiral Richmond's wide experience and training to take over the duties of Commandant. As Assistant Commandant it fell to Admiral Richmond to appear frequently before our House Appropriations Committee and on such occasions he always impressed us with his candor and his intimate knowledge of the Coast Guard's intricate duties.

To both the retiring Commandant, Admiral O'Neill, and his successor, Admiral Richmond, go our best wishes.

83D CONGRESS
2D SESSION

H. R. 9366

IN THE SENATE OF THE UNITED STATES

JUNE 2 (legislative day, MAY 13), 1954

Read twice and referred to the Committee on Finance

AN ACT

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1954".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

Extension of Coverage

Domestic service, service not in course of employer's business, and agricultural labor

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);".

(2) Section 209 (g) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer

and does not include service described in section 210 (f) (5);".

(3) Section 209 (h) of such Act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than $200;".

(4) Section 210 (a) (1) of such Act is amended to read as follows:

"(1)" Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(5) Section 210 (a) of such Act is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such Act, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(6) The second sentence of section 218 (c) (5) of such Act is amended by inserting before the period at the end thereof "and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h)".

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

CERTAIN FEDERAL EMPLOYEES

(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed", and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii) ; and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee,

not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving

on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

(3) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

MINISTERS

(d) (1) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a

religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than

a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (l) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

(2) Section 211 (c) of such Act is amended by striking out paragraph (4).

(3) Nothing in subsection (a) of section 210 of the Social Security Act, as amended by this Act, or in subsections (b) and (l) of section 1426 of the Internal Revenue Code, as so amended, shall be construed to mean that any minister is an employee of an organization for any purpose other than the purposes of such sections.

FISHING AND RELATED SERVICE

(e) Section 210 (a) of the Social Security Act is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such Act, as paragraphs (14) and (15), respectively.

HOMEWORKERS

(f) Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

FARMERS AND PROFESSIONAL SELF-EMPLOYED

(g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such Act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment

from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".

(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out

"cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".

(4) Section 211 (c) of such Act is amended by striking out paragraph (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

(h) (1) Section 218 (d) of such Act is amended by striking out "Exclusion Of" in the heading, by inserting "(1)" after "(d)", and by striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of the enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph

(5) (A)). The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system".

(2) Such section 218 (d) is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph

(5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

"(C) Ninety days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him;

"(E) A majority of the eligible employees voted in such referendum; and

"(F) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.

An employee shall be deemed an 'eligible employee' for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at

the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an 'eligible employee' if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after any prior referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

"(B) all employees in positions which became covered by such system at any time after such date; and

"(C) all employees in positions which were cov-

ered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

"(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to pararaph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

"(6) If a retirement system covers positions of em-

ployees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to each political subdivision concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State."

(3) Paragraph (3) of section 218 (c) is amended to read as follows:

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following:

"(A) Any service of an emergency nature;

"(B) All services in any class or classes of (i) elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis;

"(C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services

in such positions have not already been included under such agreement pursuant to subsection (d) (3)."

(4) Paragraph (4) of such section 218 (c) is amended by adding at the end thereof the following new sentence: "A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3)."

(5) Such section 218 (c) is further amended by adding at the end thereof the following new paragraph:

"(7) No agreement may be made applicable (either in the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such

service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State."

(6) Section 218 (f) of such Act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

(7) Section 218 (m) (1) of such Act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)".

(8) Section 218 of such Act is further amended by adding at the end thereof the following new subsection:

"Certain Positions No Longer Covered By Retirement Systems

"(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of this subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services."

(9) The amendments made by this subsection shall take effect January 1, 1955.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS

(i) (1) Effective as of January 1, 1951, paragraph (5) of section 218 (b) of the Social Security Act is

amended by adding at the end thereof the following new sentence: "Civilian employees of National Guard units of a State who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(2) In the case of any coverage group to which the amendment made by paragraph (1) is applicable, any agreement or modification of an agreement agreed to prior to January 1, 1956, may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to services performed by employees as members of such coverage group after any effective date specified therein, but in no case may such effective date be earlier than December 31, 1950.

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

(j) (1) In the case of any services performed prior to 1955 to which an agreement under section 218 of the Social Security Act was made applicable, deductions which—

(A) were not imposed under section 203 of such

Act with respect to such services performed prior to the date the agreement was agreed to or, if the original agreement was not applicable to such services, performed prior to the date the modification making such agreement applicable to such services was agreed to, and

(B) would have been imposed under such section 203 had such agreement, or modification, as the case may be, been agreed to on the date it became effective,

shall be deemed to have been imposed, but only for purposes of determining whether, on the basis of an application filed after the month in which this Act is enacted and prior to January 1, 1956, any person is entitled to a recomputation, under section 215 (f) of the Social Security Act, of the primary insurance amount of the individual who performed such services. For purposes of any such recomputation the individual who performed such services shall be deemed to have filed an application for recomputation in the month for which the last of the deductions is deemed to have been made under this paragraph, or in the first month thereafter (and prior to the month in which this Act is enacted) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under paragraph (1) or (2) of section 203 (b) of such Act, whichever results in a higher primary insurance amount for such individual. Any such recomputation shall be made as pro-

vided in the Social Security Act prior to the enactment of this Act, and shall be effective for and after the month in which the application referred to in the first sentence of this paragraph is filed. This paragraph shall not be applicable in the case of any such individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act prior to the month in which this Act is enacted.

(2) If any recomputation under section 215 (f) of the Social Security Act is made by reason of deductions deemed pursuant to paragraph (1) of this subsection to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of the benefits based on such wages and self-employment income for months for which such deductions are so deemed to have been imposed shall be recovered by making, in addition to any other deductions under section 203 of such Act, deductions from any increase in benefits, based on such wages and self-employment income, resulting from such recomputation.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

(k) Clause (B) of so much of section 210 (a) of the Social Security Act as precedes paragraph (1) thereof is amended to read as follows: "(B) outside the United

States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 1426 (m) of the Internal Revenue Code) of a domestic corporation (as determined in accordance with section 3797 (a) of the Internal Revenue Code) during any period for which there is in effect an agreement, entered into pursuant to section 1426 (m) of the Internal Revenue Code, with respect to such subsidiary;".

EFFECTIVE DATES

(l) The amendment made by paragraph (3) of subsection (g) shall be applicable only with respect to taxable years beginning after 1950. The amendments made by paragraphs (1), (2), and (4) of such subsection and by paragraph (2) of subsection (d) shall, except for purposes of section 203 of the Social Security Act, be applicable only with respect to taxable years ending after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4), (5), and (6) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. The amendment made by paragraph (3) of subsection (c) shall become effective January 1, 1955. The

other amendments made by this section (other than the amendments made by subsections (h), (i), and (k)) shall be applicable only with respect to services performed after 1954. For purposes of section 203 of the Social Security Act, the amendments made by paragraphs (1), (2), and (4) of subsection (g) and by paragraph (2) of subsection (d) shall be effective with respect to self-employment income derived after 1954. The amount of self-employment income derived during any taxable year ending in, and not with the close of, 1955 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, self-employment income so credited to calendar quarters in 1955 shall be deemed to have been derived after 1954.

INCREASE IN BENEFIT AMOUNTS

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"Primary Insurance Amount

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after the last day of the month

following the month in which the Social Security Amendments of 1954 are enacted, or who dies after such day and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraphs (1), (2), and (3) of subsection (b) of such section are amended to read as follows:

"(1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, except that when the number of such elapsed months thus computed is less than eighteen, it shall be increased to eighteen.

"(2) An individual's 'starting date' shall be—

"(A) December 31, 1950, or

"(B) if later, the last day of the year in which he attains the age of twenty-one,

whichever results in the higher average monthly wage.

"(3) An individual's 'closing date' shall be whichever of the following results in the higher average monthly wage:

"(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

"(B) the first day of the first year in which he both was fully insured and had attained retirement age;

except that if the Secretary determines, on the basis of the evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher average monthly wage for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A)."

(2) Subsection (b) of such section is further amended by striking out paragraph (4) and inserting in lieu thereof the following new paragraph:

"(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after the year in which occurs his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average monthly wage. The maximum number of calendar years

determined under the first sentence of this paragraph shall be five instead of four in the case of any individual who had not less than twenty quarters of coverage in the period ending with the calendar quarter preceding his closing date."

(c) Subsection (c) of such section is amended to read as follows:

"Determinations Made by Use of the Conversion Table

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I "If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d)) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (ii) by further increasing such amount to the extent, if any, it is less than $5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954.

"(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this para-

graph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than $77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $5 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that

the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount For Purposes of Conversion Table".

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits".

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the

quarters elapsing after 1950 are quarters of coverage)" after "individual".

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this Act, the following new paragraph:

"(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and 106 of the Social Security Amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability) shall, to the extent provided by such sections, be applicable to such computation."

(e) (1) Section 215 (e) of such Act is amended by striking out "and" at the end of paragraph (1), by changing the period at the end of paragraph (2) to a semicolon, and by adding after such paragraph (2) the following new paragraph:

"(3) if an individual's closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of

the month preceding the month in which he becomes entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) (C)."

(2) (A) Section 215 (f) (2) of such Act is amended to read as follows:

"(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—

"(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,

"(ii) he has wages and self-employment income of not less than $1,000 in a calendar year which occurs after 1953 and after the year in which he became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, whichever of such events is the latest, and

"(iii) he filed such application no earlier than six months after such calendar year referred to in clause (ii)

in which he had such wages and self-employment income.

Such recomputation shall be effective for and after the twelfth month before the month in which he filed such application for recomputation but in no event earlier than the month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual's self-employment income shall be allocated to calendar quarters in accordance with section 212.

"(B) Except as provided in subparagraph (C) a recomputation pursuant to subparagraph (A) shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) of this section, taking into account only such wages and self-employment income which would be taken into account under subsection (b) if the month in which he filed the application under subparagraph (A) were deemed to be the month in which he became entitled to old-age insurance benefits, except that, of the provisions of paragraph (3) of such subsection, only the provisions of subparagraph (A) shall be applicable.

"(C) If such recomputation is the first recomputation under subparagraph (A), such recomputation shall be made as though the individual first became entitled to old-age insurance benefits on the day he filed application for such recomputation. For purposes of this subparagraph a recom-

putation under section 102 (e) (5) (B) or 102 (f) (2) (B) of the Social Security Amendments of 1954 shall be deemed to be a recomputation under subparagraph (A) of this paragraph."

(3) (A) Section 215 (f) (3) of such Act is amended to read as follows:

"(A) Upon application by an individual—

"(i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after the effective date, or

"(ii) whose primary insurance amount was recomputed under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, or

"(iii) whose primary insurance amount was recomputed for the first time under paragraph (2) of this subsection on the basis of an application filed after the effective date,

the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made in the manner provided

in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed. As used in this subparagraph and subparagraph (B), the term 'effective date' means the last day of the month following the month in which the Social Security Amendments of 1954 are enacted.

"(B) Upon application by a person entitled to monthly benefits or a lump-sum death payment on the basis of the wages and self-employment income of an individual who died after the effective date and who, if he was entitled to an old-age insurance benefit before he died, would, upon the filing of an application in the month of his death, have been entitled to a recomputation of his pri-

mary insurance amount under subparagraph (A) of this paragraph, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he died or in which he filed his application for the last previous computation of his primary insurance amount under any provision of law referred to in clause (i), (ii), or (iii) of the first sentence of subparagraph (A), whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed."

(B) Such section 215 (f) (3) is further amended by adding after subparagraph (B) (added by subparagraph (A) of this paragraph) the following new subparagraph:

"(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became en-

titled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount after the close of such taxable year, taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits."

(4) Section 215 (f) (4) of such Act is amended to read as follows:

"(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if—

"(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or

"(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had

filed application for a recomputation under paragraph (2) (A) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made."

(5) (A) In the case of any individual who, upon filing application therefor on or before the effective date, would (but for the provisions of section 215 (f) (6) of the Social Security Act) have been entitled to a recomputation under subparagraph (A) or (B) of section 215 (f) (2) of such Act as in effect prior to the enactment of this Act, the Secretary shall recompute such individual's primary insurance amount, but only if he files an application therefor or, in case he died before filing such application, an application for monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income is filed. Such

recomputation shall be made only as provided in subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act, through the use of a primary insurance amount determined under subsection (d) (6) of such section in the same manner as for an individual to whom subsection (a) (1) of such section, as in effect prior to the enactment of this Act, is applicable; and such recomputation shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) of the Social Security Act if the month in which the application for recomputation is filed were deemed to be the month in which the individual became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the month in which such application for recomputation is filed.

(B) In the case of—

(i) any individual who is entitled to a recomputation under subparagraph (A) of section 215 (f) (2) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after the effective date and with respect to whom either less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or the twelfth month referred to in such subparagraph (A) occurred after the effective date, and

(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act on the basis of an application filed after the effective date, and with respect to whom less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or who did not attain the age of seventy-five prior to the day following the effective date,

the recomputation of his primary insurance amount shall be made in the manner provided in section 215 of the Social Security Act, as amended by this Act, for computation of such amount, except that his closing date, for purposes of subsection (b) of such section 215, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation. Such recomputation shall be effective for and after the month in which such application for recomputation is filed. As used in this subparagraph and the succeeding subsections of this section, the "effective date" is the last day of the month following the month in which this Act is enacted.

(C) No individual shall be entitled to a recomputation under section 215 (f) (2) of the Social Security Act as in effect prior to the date of the enactment of this Act unless (i) he had not less than six quarters of coverage in the period after 1950 and prior to January 1, 1955, and (ii) either the

twelfth month referred to in subparagraph (A) of such section 215 (f) (2) occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (iii) he meets the other conditions of entitlement to such a recomputation. No individual shall be entitled to a recomputation under subparagraph (A) or (B) of this paragraph if his primary insurance amount has previously been recomputed under either of such subparagraphs.

(6) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1956 and with respect to whom not less than six of the quarters elapsing after 1954 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his closing date shall be July 1, 1956, instead of the day specified in section 215 (b) (3) of such Act, but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such Act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1956, as the closing date, but only if it would result in a higher primary

insurance amount. In any such computation on the basis of a July 1, 1956 closing date, the total of his wages and self-employment income after December 31, 1955, shall, if it is in excess of $2,100, be reduced to such amount.

(7) Section 203 (a) of such Act is amended to read as follows:

"(a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the

preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(8) In the case of an individual who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or died prior to the day following the effective date, the provisions of section 215 (f) (3) as in effect prior to the enactment of this Act shall be applicable as though this Act had not been enacted.

(f) (1) The amendments made by the preceding subsections, other than subsection (b) and paragraphs (1), (2), (3), and (4) of subsection (e), shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after, the effective date.

(2) (A) The amendment made by subsection (b) (2) shall be applicable only in the case of monthly benefits and the lump-sum death payment based on the wages and self-employment income of an individual (i) who does not be-

come eligible for benefits under section 202 (a) of the Social Security Act until after the effective date, or (ii) who dies after such effective date and without becoming eligible for benefits under such section 202 (a), or (iii) who is or has been entitled to have his primary insurance amount recomputed under section 215 (f) (2) of the Social Security Act, as amended by subsection (e) (2) of this section, or under subsection (e) (5) (B) of this section, or (iv) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such Act), or (v) who files, after the effective date, an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act, or (vi) who dies after the effective date and whose survivors are (or would, but for the provisions of section 215 (f) (7) of such Act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such Act, as amended by this Act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was, or would upon filing application therefor in such month have been, entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Secu-

rity Act who was or, upon filing application therefor, would have been entitled to such benefits for the month in which the effective date occurs, to whom subparagraph (A) is inapplicable, and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application, after the effective date, by him or, if he dies without filing such an application, by any person entitled to monthly survivors benefits under section 202 of such Act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act for computation of such individual's primary insurance amount, except that the provisions of subsection (f) of such section (other than paragraph (3) (C) thereof) shall not be applicable for purposes of such computation, and except that his closing date, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective for and

after the month in which the application therefor was filed by such individual or if such application was filed by a person entitled to monthly survivors benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivors benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(3) The amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits under section 202 (a) of the Social Security Act until after the effective date, or who dies after the effective date without becoming entitled to such benefits, or who files an application after the effective date and is entitled to a recomputation under paragraph (2) or (4) of section 215 (f) of the Social Security Act, as amended by this Act, or who is entitled to a recomputation under paragraph (2) (B) of this subsection, or who is entitled to a recomputation under paragraph (5) of subsection (e).

(4) The amendments made by subsection (e) (2) shall be applicable only in the case of applications for recomputation filed after 1954. The amendment made by subsection (e) (4) shall be applicable only in the case of deaths after 1954.

(5) The amendments made by subparagraph (A) of subsection (e) (3) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after the effective date.

(6) No increase in any benefit by reason of the amendments made by this section (other than subsection (i)) or by reason of subparagraph (B) of paragraph (2) shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(g) Effective with the beginning of the second month following the month in which this Act is enacted, section 2 (c) (2) (B) of the Social Security Act Amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after the month following the month in which the Social Security Amendments of 1954 are enacted."

(h) (1) Where—

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such Act for the month in which the effective date occurs;

(B) one or more other persons were entitled (without the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this Act,

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this Act; or

(E) the amount determined pursuant to such sec-

tion, as in effect prior to the enactment of this Act, for the month in which the effective date occurs plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act Amendments of 1952 for the month in which the effective date occurs plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month.

(2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such Act for the month in which the effective date occurs on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such

persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of the first sentence of section 203 (a) of the Social Security Act, as amended by this Act,

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall, for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such Act, as amended by this Act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this Act, plus $7.

(i) (1) Section 202 of such Act is amended by inserting after subsection (l) the following new subsection:

"Minimum Survivor's or Dependent's Benefit

"(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k) (3), less than $30 and no other individual is (without the application of section 202 (j) (1)) entitled to a benefit under this

section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to $30."

(2) The first sentence of subsection (i) of such section 202 is amended by inserting ", or an amount equal to $255, whichever is the smaller" after "primary insurance amount".

AMENDMENTS RELATING TO DEDUCTIONS FROM BENEFITS

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of seventy-five and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of seventy-five and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or".

(b) (1) Section 203 (c) of such Act is amended by

striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-five and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of seventy-five and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such Act is amended to read as follows: "The charging of earnings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such Act is amended to read "Months to Which Earnings Are Charged".

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year

of twelve months are not more than $1,000, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than the product of one-twelfth of $1,000 times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of twelve months are in excess of $1,000, the amount of his earnings in excess of $1,000 shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of one-twelfth of $1,000 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to

each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b), or in subsection (m), occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsec-

tion) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211, other than paragraphs (1) and (4) of subsection (c), shall be applicable; and any

excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for

purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year."

(e) Section 203 (f) of such Act is amended to read as follows:

"Penalty for Failure To Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (b), (c), or (m) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b), (c), or (m), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month."

(f) (1) The heading of section 203 (g) of such Act is amended to read "Report of Earnings to Secretary".

(2) The first sentence of paragraph (1) of section 203 (g) of such Act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under

section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of one-twelfth of $1,000 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

(3) Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or a subsequent one

for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

(4) Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)"; by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for

such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

(g) Section 203 of such Act is amended by adding at the end thereof the following new subsection:

"Noncovered Remunerative Activity Outside the United States

"(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the

United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term 'trade or business' shall have the same meaning as when used in section 23 of the Internal Revenue Code."

(h) Section 203 of such Act is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

"Good Cause for Failure To Make Reports Required

"(l) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(i) (1) Section 203 of such Act is further amended by adding after subsection (l) (added by subsection (h) of this section) the following new subsection:

"Deductions From Benefits of Dependents' and Survivors' Residing Abroad

"(m) (1) Deductions shall be made from any benefits to which a dependent or survivor is entitled under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the wages and self-employment income of an insured individual until the total of such deductions equals such dependent's or survivor's benefit or benefits under such subsection for any month during no part of which he is a resident of the United States unless—

"(A) such dependent or survivor resided in the United States for three years during the five years immediately preceding the first month for which he was eligible for such benefits or any other monthly benefits under such section 202 based on the wages and self-employment income of such insured individual; or

"(B) such insured individual would be a currently insured individual at the time he became eligible for or entitled to old-age insurance benefits or primary insurance benefits or, if he died without becoming so eligible or entitled, at the time of his death, even if no wages were counted for such purpose except his wages (if any) for service referred to in clause (B) of so much of section 210 (a) as precedes paragraph (1) and his wages (if any) deemed paid pursuant to subsection (a) or (e) of section 217; or

"(C) in the case of a child entitled to child's insurance benefits, such child first became eligible for such benefits (on the basis of the wages and self-employment income of such insured individual) prior to the month in which he attained the age of three and such child was born in the United States.

"(2) For purposes of paragraph (1)—

"(A) an individual shall be deemed eligible for benefits under any subsection of section 202 for any month if he was, or would have been upon filing application therefor in such month, entitled to such benefits for such month;

"(B) a dependent is a wife, husband, or child of an individual entitled to old-age insurance benefits; and

"(C) a survivor is a widow, widower, child, former wife divorced, or parent (of a deceased individual) entitled to monthly benefits under subsection (d), (e), (f), (g), or (h) of section 202."

(2) The first sentence of section 203 (d) of such Act is amended by striking out "(b) and (c)" and inserting in lieu thereof "(b), (c), and (m)".

(3) Section 214 (b) of such Act is amended by striking out "or" before clause (3) and by inserting immediately before the period at the end thereof: ", or (4) for pur-

poses of section 203 (m) only, the first quarter in which he was, or would have been upon filing application therefor in such quarter, entitled to old-age insurance benefits or primary insurance benefits".

(4) Subsections (a) (1) and (e) (1) of section 217 of such Act are each amended by adding at the end thereof the following new sentence: "The provisions of clause (B) shall also not apply for purposes of section 203 (m) (1) (B)."

(5) The amendments made by this subsection shall be applicable in the case of any individual who (A) is entitled to benefits under any subsection of section 202 of the Social Security Act (other than subsection (a) thereof), on the basis of the wages and self-employment income of an insured individual, after the month in which this Act is enacted, and (B) was not, and would not have been upon filing application therefor in such month, entitled (without the application of subsection (j) (1) of such section 202) to benefits under the same or any other subsection of such section 202 on the basis of such insured individual's wages and self-employment income for the month in which this Act is enacted or any prior month.

(j) (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of

the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsections (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h) and (i)) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

(2) No deduction shall be imposed on or after the date of the enactment of this Act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such date); and no such deduction imposed prior to such date shall be collected after such date. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this Act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $4,200 with respect to employment has been paid to an individual during any cal-

endar year after 1954, is paid to such individual during such calendar year;".

(b) Paragraph (1) of subsection (b) of section 211 of such Act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such Act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during

such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;".

(d) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, and the excess over $4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and".

RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth".

(b) The amendment made by subsection (a) shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after the month following the month in which this Act is enacted; except that no individual shall, by reason of such amendment,

be entitled to any benefit for any month prior to the fifth month before the month in which this Act is enacted.

PRESERVATION OF INSURANCE RIGHTS OF INDIVIDUALS WITH EXTENDED TOTAL DISABILITY

SEC. 106. (a) (1) Section 213 (a) (2) (A) of the Social Security Act is amended to read as follows:

"(A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages, except that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a period of disability, other than the initial quarter of such period."

(2) Section 213 (a) (2) (B) (i) of such Act is amended to read as follows:

"(i) no quarter after the quarter in which such

individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;".

(b) (1) Section 214 (a) (2) of the Social Security Act is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) forty quarters of coverage,

not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage."

(2) Section 214 (b) of such Act is amended by striking out the period and inserting in lieu thereof: ", not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage."

(c) (1) Section 215 (b) (1) of the Social Security Act (as amended by section 102 (b) (1) of this Act) is amended by inserting after "quarter of coverage" the following: "and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage".

(2) Section 215 (d) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted."

(3) Section 215 (e) of such Act (as amended by section 102 (e) (1) of this Act) is amended by adding after paragraph (3) the following new paragraph:

"(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability."

(d) Section 216 of the Social Security Act is amended by adding after subsection (h) the following new subsection:

"Disability; Period of Disability

"(i) (1) The term 'disability' means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment

which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term 'blindness' means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

"(2) The term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with re-

spect to such period; and no such period shall begin as to any individual after such individual attains retirement age. Except as provided in paragraph (4), a period of disability shall begin—

"(A) if the individual satisfies the requirements of paragraph (3) on such day,

"(i) on the day the disability began, or

"(ii) on the first day of the one-year period which ends with the day before the day on which the individual files such application,

whichever occurs later;

"(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the first month in which either the disability ceases or the individual attains retirement age. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted.

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

"(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

"(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"(4) If an individual files an application for a disability determination after December 1954, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability, if such individual does not die prior to July 1, 1955, shall be—

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

"(B) if he does not satisfy such requirements on

such day, the first day of the first quarter thereafter in which he satisfies such requirements."

(e) (1) The first sentence of section 217 (a) (1) of the Social Security Act is amended by inserting "and for purposes of section 216 (i) (3)," after "World War II veteran,".

(2) The first sentence of section 217 (e) (1) of such Act is amended by inserting "and for purposes of section 216 (i) (3)," after "veteran (as defined in paragraph (4)),".

(3) Such section 217 (a) (1) and such section 217 (e) (1) of such Act are each amended by inserting ", or for purposes of section 216 (i) (3)" immediately before the period at the end of the last sentence thereof (added by section 103 (i) (4) of this Act).

(f) Section 5 (k) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "and for the purposes of section 203 of that Act" and inserting in lieu thereof "and for the purposes of sections 203 and 216 (i) (3) of that Act".

(g) Title II of the Social Security Act is amended by adding after section 219 the following new sections:

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their

application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

"DISABILITY DETERMINATIONS

"SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

"(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in

the State as may be designated in the agreement at the State's request.

"(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, may determine that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

"(d) Any individual dissatisfied with any determination under subsection (a), (c), or (g) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205 (g).

"(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or

increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Fund at the time or times fixed by the Secretary, in accordance with such certification.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Fund.

"(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

"REFERRAL FOR REHABILITATION SERVICES

"SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled indi-

viduals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity."

(h) Notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, the amendments made by subsections (a), (b), (c), (d), (e), and (f) of this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after June 1955, and with respect to lump-sum death payments under such title in the case of deaths occurring after June 1955; but no recomputation of benefits by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

DELETION OF EARNINGS DURING UNLAWFUL RESIDENCE IN THE UNITED STATES

SEC. 107. (a) Section 205 of the Social Security Act is amended by redesignating subsection (n) as subsection (m) and inserting after such subsection the following new subsection:

"Earnings During Unlawful Residence Deleted From Record

"(n) (1) Notwithstanding the provisions of subsection (c), wages for service performed by an individual during any period that he is unlawfully in the United States, and self-employment income derived by him during such period, shall be deleted from the Secretary's records for such individual and shall not be counted for purposes of determining entitlement to or the amount of any benefits or lump-sum death payments under section 202.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual was unlawfully in the United States during any period of time. If the Attorney General has made or makes a determination that there was such a period, he shall notify the Secretary thereof, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable on the basis of such individual's wages and self-employment income, as may be required by paragraph (1). Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual prior

to receipt of such notice shall not be deemed by reason of this subsection to be an erroneous payment."

(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.

TERMINATION OF BENEFITS UPON DEPORTATION

SEC. 108. (a) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Termination of Benefits Upon Deportation of Primary Beneficiary

"(m) (1) Notwithstanding any other provision of this title, no monthly benefits under this section shall be paid on the basis of the wages and self-employment income of any individual for any month after such individual has been deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, and no lump-sum death payment shall be made on the basis of such wages and self-employment income in case of death in or after such month.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual, the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual has been deported under one of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) of this subsection. If such individual has been or is deported under any such paragraph, the Attorney General shall so notify the Secretary, and the Secretary shall certify no further benefits for payment on the basis of such individual's wages and self-employment income. Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual, prior to receipt of such notice, shall not be deemed by reason of this subsection to be an erroneous payment."

(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.

INSURED STATUS

SEC. 109. (a) Section 214 (a) of the Social Security Act is amended by redesignating paragraph (3) as para-

graph (4) and inserting after paragraph (2) the following new paragraph:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage."

(b) Subparagraph (B) of section 213 (a) (2) of such Act is amended by inserting "(except wages for agricultural labor)" after "$50 or more in wages" in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following:

"(iv) if an individual is paid wages for agricultural labor in a calendar year, then, subject to clause (i), (a) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages are less than $300; (b) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than

$400; and (c) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

"(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained retirement age or died and who has been paid wages for agricultural labor in a calendar year, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters."

BENEFITS IN CERTAIN CASES OF DEATHS BEFORE SEPTEMBER 1950

SEC. 110. (a) In the case of any individual—

(1) who died prior to September 1, 1950, and was not a fully insured individual (under title II of the Social Security Act), when he died, and

(2) who had not less than six quarters of coverage (as defined in such title),

such individual shall, except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of the Social Security Act, be deemed to have died a fully insured individual. Such individual's primary insurance amount shall be computed under subsection (a) (2) of section 215 of such Act, except that, for the purpose of such computation, the provisions of paragraph (4) of subsection (d) of such section (in lieu of the provisions of paragraph (3) of such subsection) shall be applicable, and except that his closing date shall be the first day of the quarter in which he died. In the case of any such individual, the requirement in subsection (h) of section 202 of such Act that proof of support be filed within two years of the date of his death shall not apply if such proof is filed within two years after the first month following the month in which this Act is enacted.

(b) The provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the Social Security Act for months after the first month following the month in which this Act is enacted, on the basis of applications filed after such month in which this Act is enacted.

ELIMINATION OF REQUIREMENT OF FILING APPLICATION IN CERTAIN CASES

SEC. 111. (a) Section 202 (e) (1) (C) of the Social Security Act is amended to read as follows:

"(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

"(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age,".

(b) Section 202 (g) (1) (D) of such Act is amended to read as follows:

"(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,".

(c) The third sentence of section 202 (i) of such Act is amended by inserting immediately before the period at the end thereof the following: ", or unless such person was entitled to wife's or husband's insurance benefits, on the

basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died".

TECHNICAL AMENDMENTS

SEC. 112. (a) The second sentence of section 204 (a) of the Social Security Act is amended by inserting "and self-employment income" after "wages".

(b) Section 208 of the Social Security Act is amended by inserting ", or as to the amount of net earnings from self-employment derived or the period during which derived," after "as to the amount of any wages paid or received or the period during which earned or paid".

REPEAL OF REQUIREMENT OF CERTAIN DEDUCTIONS

SEC. 113. (a) No deductions shall be made pursuant to subsection (i) of section 203 of the Social Security Act from any benefits for any month after the month in which this Act is enacted; and, effective with the beginning of the month following the month in which this Act is enacted, such subsection is repealed.

(b) No deductions shall be made pursuant to section 907 of the Social Security Act Amendments of 1939 (53 Stat. 1360, 1402), with respect to wages for services performed in 1939, from any benefits for any month after the month in which this Act is enacted; and, effective with the beginning of the month following the month in which this

Act is enacted, such section is amended by striking out "1 per centum of any wages paid him for services performed in 1939, and subsequent to his attaining age sixty-five, and".

PROOF OF SUPPORT BY HUSBAND OR WIDOWER IN CERTAIN CASES

SEC. 114. (a) For the purpose of determining the entitlement of any individual to husband's insurance benefits under subsection (c) of section 202 of the Social Security Act on the basis of his wife's wages and self-employment income, the requirements of paragraph (1) (D) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a pri-

mary insurance benefit under such Act for August 1950.

(b) For the purpose of determining the entitlement of any individual to widower's insurance benefits under subsection (f) of section 202 of the Social Security Act on the basis of his deceased wife's wages and self-employment income, the requirements of paragraph (1) (E) (ii) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife, and she was a currently insured individual, on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950.

(c) For purposes of subsection (b) (1) of this Act,

and for purposes of section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of this section is applicable, the wife of an individual shall be deemed a currently insured individual if she had not less than six quarters of coverage (as determined under section 213 of the Social Security Act) during the thirteen-quarter period ending with the calendar quarter in which occurs the first month (1) for which such wife was entitled to a monthly benefit under section 202 (a) of such Act, and (2) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act did not occur.

(d) This section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such Act, for months after the first month following the month in which this Act is enacted, and only with respect to benefits based on applications filed after such first month.

DEFINITION

SEC. 115. As used in the provisions of the Social Security Act amended by this title, the term "Secretary" means the Secretary of Health, Education, and Welfare.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

Amendments to Definitions of Self-Employment Income and Related Definitions

SEC. 201. (a) (1) Paragraph (1) of section 481 (a) of the Internal Revenue Code is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".

(2) Subsection (a) of section 481 of the Internal Revenue Code is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such code, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the

major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(b) (1) Paragraph (1) of section 481 (b) of the Internal Revenue Code is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(2) Section 481 (b) of the Internal Revenue Code is amended by inserting after "employees)" the following: ", or under an agreement entered into pursuant to the provisions of section 1426 (m) (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations),".

(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraphs (4) and (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

(d) The amendments made by subsections (a), (b), and (c) of this section shall be applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) (1) The first sentence of section 1401 (d) (3) of the Internal Revenue Code is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $4,200, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received."

(2) Section 1401 (d) (3) of the Internal Revenue Code is amended by striking out the period at the end of the second sentence and inserting in lieu thereof "or, in the case of any agreement (or modification) pursuant to section

218 of the Social Security Act which is effective as of a date more than two years prior to the date such agreement (or modification) was agreed to, within a period of two years after the end of the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare."

(b) (1) The heading of section 1401 (d) (4) of the Internal Revenue Code is amended to read as follows: "SPECIAL RULES IN THE CASE OF FEDERAL AND STATE EMPLOYEES AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.—"

(2) Section 1401 (d) (4) (A) of the Internal Revenue Code is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $4,200 for any calendar year after 1954,".

(3) Section 1401 (d) (4) of the Internal Revenue Code is amended by adding at the end thereof the following new subparagraph:

"(C) Employees Of Certain Foreign Corporations.—For the purposes of paragraph (3) of this subsection, in the case of remuneration received during any calendar year after the calendar year 1954, the term 'wages' includes such remuneration for services covered by an agreement made pur-

suant to section 1426 (m) of this subchapter as would be wages if such services constituted employment; the term 'employer' includes any domestic corporation which has entered into an agreement pursuant to section 1426 (m) ; the term 'tax' or 'tax imposed by section 1400' includes, in the case of services covered by an agreement entered into pursuant to section 1426 (m), an amount equivalent to the tax which would be imposed by section 1400, if such services constituted employment as defined in section 1426; and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section 1426 (m) has been paid to the Secretary or his delegate."

(c) The second sentence of section 1420 (e) of the Internal Revenue Code is amended by inserting "in the case of the calendar year 1951, 1952, 1953, or 1954, or the $4,200 limitation in such section in the case of any calendar year after 1954" after "the $3,600 limitation in section 1426 (a) (1)".

(d) The amendments made by subsections (a) (1), (b) (2), and (c) shall be applicable only with respect to remuneration paid after 1954.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

SEC. 203. (a) Section 1420 (e) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality."

(b) The amendment made by subsection (a) shall become effective January 1, 1955.

AMENDMENTS TO DEFINITION OF WAGES

SEC. 204. (a) Paragraph (1) of section 1426 (a) of the Internal Revenue Code is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$4,200".

(b) (1) Subparagraph (B) of section 1426 (a) (7) of the Internal Revenue Code is amended to read as follows:

"(B) Cash remuneration paid by an employer in

any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (h) (5);".

(2) Section 1426 (a) (7) of the Internal Revenue Code is amended by adding at the end thereof the following new subparagraph:

"(C) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (h) (5);".

(3) Section 1426 (a) (8) of the Internal Revenue Code is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

"(B) Cash remuneration paid by an employer in any calendar year to an employee for agricultural

labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than $200;".

(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. 205. (a) Section 1426 (b) (1) of the Internal Revenue Code is amended to read as follows:

"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(b) Section 1426 (b) of the Internal Revenue Code is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such code, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B)

(i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

(d) (1) Subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed," and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii); and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

(e) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service

performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

(f) Section 1426 (b) of the Internal Revenue Code is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such code, as paragraphs (14) and (15), respectively.

(g) The amendments made by subsections (c), (d), (e), and (f) shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 206. (a) Subparagraph (C) of section 1426 (d) (3) of the Internal Revenue Code is amended by striking

out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

SEC. 207. (a) Paragraph (1) of section 1426 (l) of the Internal Revenue Code is amended by inserting "(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order)" after "service" in the first sentence, by striking out "two-thirds of its employees" and inserting in lieu thereof "two-thirds of its employees performing service to which this paragraph is applicable" in such sentence, and by deleting so much of such paragraph as follows the first sentence.

(b) Such section 1426 (l) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively, and by adding after paragraph (1) the following new paragraphs:

"(2) WAIVER OF EXEMPTION IN THE CASE OF MINISTERS.—An organization exempt from income tax

under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders (other than a member of a religious order who has taken a vow of poverty as a member of such order) and perform such service in the exercise of duties required by such order or orders, and that at least two-thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate pursuant to paragraph (1) with respect to such employees.

"(3) LIST TO ACCOMPANY CERTIFICATE.—A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing

the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"(4) EFFECTIVE PERIOD OF WAIVER.—A certificate filed pursuant to paragraph (1) or paragraph (2) shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate:

(i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect (as determined under subparagraph (A) or (B), whichever is applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"(5) TERMINATION OF WAIVER PERIOD BY ORGANIZATION.—The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of

the receipt of such notice, the certificate has been in effect for a period of not less than eight years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a certificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter."

(c) The paragraph of such section 1426 (l) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: "If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organiza-

tion pursuant to paragraph (2) shall also be terminated at the same time."

(d) The paragraph of such section 1426 (l) herein redesignated as paragraph (7) is amended to read as follows:

"(7) NO RENEWAL OF WAIVER.—In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph."

(e) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed prior to January 1, 1955, under section 1426 (l) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (l) (2) of the Internal Revenue Code is in effect for any calendar quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which constitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed.

CHANGES IN TAX SCHEDULES

SEC. 208. (a) Section 480 of the Internal Revenue Code is amended by striking out paragraph (5) and inserting in lieu thereof the following:

"(5) In the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to $5\frac{1}{4}$ per centum of the amount of the self-employment income for such taxable year.

"(6) In the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6 per centum of the amount of the self-employment income for such taxable year."

(b) Section 1400 of the Internal Revenue Code is amended by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) With respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be $3\frac{1}{2}$ per centum.

"(7) With respect to wages received after December 31, 1974, the rate shall be 4 per centum."

(c) Section 1410 of the Internal Revenue Code is amended by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) With respect to wages paid during the calen-

dar years 1970 to 1974, both inclusive, the rate shall be 3½ per centum.

"(7) With respect to wages paid after December 31, 1974, the rate shall be 4 per centum."

FOREIGN SUBSIDIARIES OF AMERICAN EMPLOYER

SEC. 209. Section 1426 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(m) AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.—

"(1) AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.—The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (7)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded

from the terms 'employment' or 'wages', respectively, as defined in this section, had the service been performed in the employ of the domestic corporation. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, in the case of any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, after the effective date of the agreement, become employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

"(A) That the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 1400 and 1410, including interest and penalties, if the services of employees covered by the agreement had constituted employment as defined in section 1426; and

"(B) That the domestic corporation will comply with such regulations relating to payments and reports as the Secretary may prescribe to carry out the purposes of this subsection."

"(2) EFFECTIVE PERIOD OF AGREEMENT.—An

agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

"(3) TERMINATION OF PERIOD BY A DOMESTIC CORPORATION.—The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termi-

nation, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign subsidiary shall terminate at the end of any calendar quarter in which the domestic corporation, at any time in such quarter, owns 50 per centum or less of the voting stock of such subsidiary.

"(4) TERMINATION OF PERIOD BY SECRETARY.—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation

without the prior concurrence of the Secretary of Health, Education, and Welfare.

"(5) NO RENEWAL OF AGREEMENT.—If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety, the domestic corporation may not again enter into an agreement pursuant to such paragraph. If any such agreement is terminated with respect to any subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

"(6) DEPOSITS IN TRUST FUND.—All amounts received by the Secretary pursuant to an agreement entered into under paragraph (1) of this subsection shall be regarded for purposes of section 201 of the Social Security Act as taxes collected pursuant to this subchapter.

"(7) OVERPAYMENTS AND UNDERPAYMENTS.—

"(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such

times as may be required by regulations prescribed by the Secretary.

"(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

"(8) DEFINITION OF FOREIGN SUBSIDIARY.—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

"(A) A foreign corporation more than 50 per centum of the voting stock of which is owned by such domestic corporation; or

"(B) A foreign corporation more than 50 per centum of the voting stock of which is owned by the foreign corporation described in subparagraph (A)."

"(9) REGULATIONS.—Regulations of the Secretary to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same,

so far as practicable, as those imposed upon employers pursuant to subchapter A or E of chapter 9 of this title."

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

SEC. 210. Section 23 of the Internal Revenue Code (relating to deductions from gross income) is amended by inserting at the end thereof the following new subsection:

"(gg) PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.—In the case of a domestic corporation, amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 1426 (m) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction for income tax purposes under this subsection shall be included in gross income for the taxable year in which received."

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

SEC. 301. Section 8 (e) of the Social Security Act Amendments of 1952 (Public Law 590, Eighty-second Con-

gress) is amended by striking out "September 30, 1954" and inserting in lieu thereof "September 30, 1955".

TEMPORARY EXTENSION OF SPECIAL PROVISION RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, Eighty-first Congress) is amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1957".

TECHNICAL AMENDMENTS

SEC. 303. (a) Sections 3 (b) (1), 403 (b) (1), and 1003 (b) (1) of the Social Security Act are each amended by striking out "one-half" and inserting in lieu thereof "the State's proportionate share".

(b) Section 3 (b) of such Act is amended (1) by striking out "clause (1) of subsection (a)" wherever it appears and inserting in lieu thereof "subsection (a)", and (2) by striking out "increased by five per centum" immediately before the period at the end of paragraph (3).

TITLE IV—MISCELLANEOUS PROVISIONS

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 401 (a). Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954".

(b) Section 2 (c) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "six" and inserting in lieu thereof "twelve"; and subsection (5) (j) of such Act, as amended, is amended by striking out "sixth" and inserting in lieu thereof "twelfth". The amendments made by this subsection shall be applicable only in the case of applications for annuities under the Railroad Retirement Act filed after the month following the month in which this Act is enacted; except that no individual shall, by reason of such amendment, be entitled to any annuity for any month prior to the fifth month before the month in which this Act is enacted.

(c) Section 5 (l) (9) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "$3,600" the second time it appears and inserting in lieu thereof "$4,200".

(d) Section 5 (i) (1) (ii) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(ii) will have been under the age of seventy-five and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on seven or more different calendar days in noncovered remunerative activity outside the United States (as defined in section 203 (k) of the Social Security Act); and for purposes of this

subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this subdivision applies were entitled to benefits under section 202 of such Act;".

CROSS REFERENCES TO REDESIGNATED PROVISIONS

SEC. 402. References in the Internal Revenue Code, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this Act, and references in the Social Security Act, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Internal Revenue Code redesignated by this Act, shall be deemed to refer to such section or subdivision of a section as so redesignated.

Passed the House of Representatives June 1, 1954.

Attest: LYLE O. SNADER,

Clerk.

83D CONGRESS
2D SESSION

H. R. 9366

AN ACT

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

JUNE 2 (legislative day, MAY 13), 1954
Read twice and referred to the Committee on Finance

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 14, 1954
For actions of July 13, 1954
83rd-2nd, No. 130

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HIGHLIGHTS: House committee voted to report water-facilities loans bill with amendment for soil-conservation loans, bill authorizing cooperation with Mexico and Canada in insect and plant-disease control, and bill authorizing emergency farm loans. House committee reported bill to transfer Indian extension work to USDA and States. House committee voted to report pay raise bill for classified employees. House received appropriation estimate for foreign aid. Senate committee reported foreign aid bill, and it was referred to Armed Services Committee. Senate committee voted against social security for farmers on compulsory basis. Rep. Cooley criticized Secretary's diverted acreage program. Sen. Bridges proposed and discussed measure to require annual budget balancing.

HOUSE

1. WATER FACILITIES LOANS. The Agriculture Committee voted to report (but did not actually report) S. 3137, to extend the Water Facilities Act to the entire country and to increase the limitation on individual loans. The Committee agreed to the Senate provision authorizing insured loans under this program and also agreed to an amendment to authorize loans, on a direct and insured basis, for soil-conservation improvements. The Committee had previously reported a similar bill without these amendments. (p. D826.)

2. INSECTS; PLANT DISEASES. The Agriculture Committee voted to report (but did not actually report) S. 3697, to authorize cooperation with Canada and Mexico in control of insects and plant diseases through use of the emergency and incipient outbreak authority (p. D826).

3. EMERGENCY FARM LOANS. The Agriculture Committee voted to report (but did not actually report) S. 3245, to provide a new emergency loan program for farmers and stockmen (p. D826). The House had previously passed a similar bill, which was somewhat different from S. 3245.

4. EXTENSION WORK. The Interior and Insular Affairs Committee reported without

amendment S. 3385, to transfer Indian extension work from the Interior Departmen to this Department and the States, except in the cases of Ariz. and N. Mex. (H. Rept. 2188)(p. 9871).

5. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 7912, to abolish the Old Kasaan National Monument, Alaska, and return the land to the national forest (H. Rept. 2191)(p. 9871).

The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 1254, to authorize permits, leases, or easements for not over 50 years to States and other public agencies for the purpose of constructin on national forest and other Federal lands public buildings or other public work (p. D827).

6. PERSONNEL. The "Daily Digest" states: "Committee on Post Office and Civil Service: Resumed consideration of H. R. 8093, Federal pay increase bill, and approved a 5-percent increase in the minimum rate of the respective grades of all employees paid under the Classification Act of 1949 (omitting GS-18)." (p.D828.

The Judiciary Committee tabled H. R. 3602, to provide for garnishment, etc. of the wages of Federal employees (p. D828).

7. FOREIGN-AID APPROPRIATIONS. Received from the President an appropriation estim of $3,438,549,805 for the foreign aid program in the fiscal year 1955 (H. Doc. 474)(p. 9870).

8. ELECTRIFICATION. Concurred in the Senate amendment to H. R. 7664, to provide for development of the Priest Rapids site on the Columbia River (pp. 9813-4). This bill will now be sent to the President.

9. HEALTH INSURANCE. Recommitted, 238-134, H. R. 8356, to provide for reinsurance of voluntary health-service insurance organizations (pp. 9810-47).

10. HAWAII WATER RESOURCES. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 2843, to authorize the Interior Department to investigate and report to Congress on the conservation, development, and utilization of water resources in Hawaii (p. D827).

11. FARM LOANS. The Interior and Insular Affairs Committee reported with amendme H. R. 7568, to direct the Farm Loan Board of Hawaii to convey certain land and to ratify and confirm certain contracts (H. Rept. 2193)(p. 9871).

12. RECLAMATION. Received the conference report on H. R. 5731, to authorize certai Santa Margarita reclamation facilities, Calif. (pp. 9847-8).

13. GOVERNMENT COMPETITION. Rep. Osmers spoke in favor of legislation to prevent Government competition with private enterprise (pp. 9809-10).

SENATE

14. FOREIGN AID. The Foreign Relations Committee reported with amendments H. R. 9678, authorizing foreign aid appropriations for the fiscal year 1955, and it was referred to the Armed Services Committee (S. Rept. 1799)(pp. 9874-5).

15. SOCIAL SECURITY. The "Daily Digest" states that the Finance Committee continu its executive consideration of H. R. 9366, the social security bill, after which it announced that it had tentatively agreed to allow individuals in various self-employed professional groups to elect to come under the OASI program within a limited period of about 2 years. The Committee also voted again

the House provision which would extend coverage to farm operators on a compulsory basis, allowing any individual farm operator to elect to come under the program within the same limited period (p. D824).

16. TRANSPORTATION. Agreed to withdraw the motion to reconsider the vote by which S. 1461 (to amend the Interstate Commerce Act so as to expedite ICC action upon applications of certain common carriers for increased transportation rates) was recommitted to the Interstate and Foreign Commerce Committee (p. 9876).

17. RECLAMATION. Senate conferees were appointed on H. R. 4854, to authorize the Foster Creek division, Chief Joseph Dam project, Wash. (p. 9924). House conferees have been appointed.

18. FARM PROGRAM. Sen. Saltonstall inserted and discussed Carleton I. Pickett's (exec. secy., Mass. Farm Bureau Federation) letter opposing rigid price supports and stating that "unless careful consideration to other phases of the agricultural bill is given by the Senate and the House bill greatly amended, I am afraid you have offered the American farmer very little" (pp. 9877-8).

19. TARIFFS; TOBACCO. Sens. Butler and Beall inserted and discussed a newspaper article explaining the relationship between Md. tobacco and Swiss watches, and Sen. Beall said, inconnection with the proposal to increase the tariff on Swiss watches, "that if the Swiss do not receive dollars from the sale of watches...they will be unable to buy...Maryland tobacco" (p. 9881).

20. WATER UTILIZATION. Sen. Watkins inserted his statement explaining the problem of water utilization in Colo., Wyo., Utah., and N. Mex., "and how it is different from what may be the physical facts presently existing in the home States of my colleagues" (pp. 9925-6).

21. TAXATION. Sen. Wiley inserted David D. Rowlands' (city manager, Eau Claire, Wis.) letter favoring S. 2473, to provide Federal payments in lieu of taxes to State and local governments adversely affected by Federal property acquisition (p. 9874).

22. GOVERNMENT COMPETITION. Sen. Humphrey inserted a National Marking Device Assn. resolution opposing "unnecessary and unfair" Federal Government competition with private industry (p. 9874).

23. LEGISLATIVE PROGRAM as announced by Sen. Knowland: For the remainder of the week the Senate will consider the bill to extend and amend the Renegotiation Act, and several bills not affecting this Department; Sat., completion of pending business and a call of the calendar. Sen. Knowland also stated, "I hope also that we may be able to reach consideration of the agricultural bill next week, probably by Tuesday". (p. 9925.)

HOUSE (continued)

24. APPROPRIATIONS. H. Doc. 471 (July 8) is a supplemental appropriation estimate for the Department of Health, Education, and Welfare for fiscal year 1955 and includes the following: Office of Education, $100,000 to finance contracts or cooperative arrangements with universities and State educational agencies for the conduct of research, surveys, and demonstrations in the field of education; hospital construction, $35,000,000, to provide a new program of assistance to the States in surveying needs for and constructing diagnostic and treatment centers, chronic hospitals, rehabilitation facilities, and nursing

homes; and National Advisory Committee on Education, $175,000, to advise the Secretary of HEW on the initiation and conduct of studies of problems of national concern in the field of education and on appropriate action as a result thereof.

ITEMS IN APPENDIX

25. ACREAGE ALLOTMENTS. Extension of remarks of Rep. Cooley criticizing the Secretary's plan for dealing with diverted acres, and inserting a Wall Street Journal article on the Department's proposed "dynamic new program" (pp. A5059-60).

26. FORESTRY. Rep. Aspinall inserted a Saturday Evening Post article stressing the problems of the Forest Service and the Park Service in administering needs for the public use of national parks (p. A5039).

Rep. Johnson, Tex., inserted a Texas Forest Service report on the important and effective work being carried on in reforestation in a number of Tex. counties (p.A5053).

27. HEALTH. Sen. Humphrey inserted his recent address discussing the basic problems of health programs and criticizing the reduction in budget requests for medical research and research facilities (pp. A5050-2).

BILLS INTRODUCED

28. INSPECTION FEES. S. 3740, by Sen. Bowring and others, and H. R. 9885, by Rep. Miller, to amend the Packers and Stockyards Act, 1921, with respect to the charging of brand inspection fees; to the Agriculture Committees (pp. 9875, 9872).

29. VETERANS' BENEFITS. H. R. 9888, by Rep. Springer, to amend the laws granting education and training benefits to certain veterans to extend the period during which such benefits may be offered; to the Committee on Veterans' Affairs (p. 9872).

30. MONOPOLIES. H. R. 9890, by Rep. Cemers, to establish a Federal policy concerning the termination, limitation, or establishment of business-type operations of the Government which may be conducted in competition with private enterprise, and for other purposes; to the Committee on Government Operations (p. 9872).

31. BUDGET. S. J. Res. 174, by Sen. Bridges, proposing an amendment to the Constitution of the United States to provide for the imposition of Federal taxes to provide revenues at least equal to appropriations, except in time of war declared by the Congress or when the United States is engaged in open hostilit against an external enemy (p. 9875). Remarks of author (pp. 9888-93).

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COMMITTEE HEARING ANNOUNCEMENTS FOR JULY 14: Wool provisions of farm program bill, other bills, S. Agriculture (exec). Claims for converted CCC goods, forest grazing policy, H. Agriculture (exec) (Farrington, Sol., to testify). Federal pay increases, H. and S. Civil Service (exec). Payment for Aztec forest lands, H. Interior (Crafts, FS, and Mynatt, Sol. Office, to testify). Limiting Government competition, H. Gov't Operations.

Daily Digest

HIGHLIGHTS

Senate passed employment security bill, completed legislative action on Texas tin smelter measure, and cleared for President bill on citizenship restoration.

Health insurance bill recommitted by House.

Omnibus rivers and harbors and flood control bill ordered reported by House committee.

Conferees agreed to file report on military public works bill.

Senate

Chamber Action

Routine Proceedings, pages 9873–9884

Bills Introduced: 7 bills and 3 resolutions were introduced, as follows: S. 3736 to S. 3742; and S. J. Res. 174 to S. J. Res. 176. Page 9875

Bills Reported: Reports were made as follows:

H. R. 9678 to promote the security and foreign policy of the U. S. by furnishing assistance to friendly nations, with amendments, accompanied by minority views (S. Rept. 1799 and pt. 2 of S. Rept. 1799, respectively); and

S. 3168, granting the consent and approval of Congress to an interstate compact relating to the creation, development, and operation by the States of Kentucky and Virginia of a park to be known as the Breaks Interstate Park, with amendments (S. Rept. 1800).

Pages 9874–9875

Bills Rereferred: Committee on the Judiciary was discharged from further consideration of the following four bills, which were then rereferred, as indicated: S. 603, to prohibit labor espionage, and H. R. 1325, private bill—both to Committee on Labor and Public Welfare; and

S. 2631, to prohibit the payment of Government retirement benefits to persons convicted of certain offenses, and S. 2449, a private bill—both to Committee on Post Office and Civil Service. Page 9876

Mutual Security: By unanimous consent, H. R. 9678, to promote the security and foreign policy of the U. S. by furnishing assistance to friendly nations, was immediately following its reporting by Committee on Foreign Relations, referred to Committee on Armed Services.

Page 9874

Texas Tin Smelter: Senate concurred in House amendments to S. Con. Res. 79, to express the sense of Congress on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin. Page 9888

Citizenship Restoration: Senate concurred in House amendment to S. 1303, regarding naturalization of former U. S. citizens who lost citizenship by voting in political election held in occupied Japan, clearing bill for President. Page 9888

Transportation Rates: On request of Senator Bricker, unanimous consent was given for withdrawal of motion entered on May 14 by Senator Butler of Nebraska (deceased) to reconsider vote by which Senate had recommitted to Committee on Interstate and Foreign Commerce S. 1461, to amend the Interstate Commerce Act, as amended, so as to expedite action by ICC upon application of certain common carriers for rate increases.

Page 9876

Foster Creek Dam: Senate agreed to hold conference requested by House on H. R. 4854, relating to Foster Creek reclamation project in Washington, and appointed as conferees Senators Cordon, Millikin, Watkins, Anderson, and Jackson. Page 9924

Alaska Land: Senate insisted on its amendments to S. 2900, authorizing sale of certain land in Alaska to Harding Lake Camp, Inc., asked for a conference with the House, and appointed as conferees Senators Cordon, Watkins, Kuchel, Jackson, and Long. Page 9924

Employment Security: By 78 yeas to 3 nays (motion to reconsider being tabled), Senate passed with amendments H. R. 5173, Employment Security Administrative Financing Act, after taking the following additional actions on amendments and motions:

Adopted: Committee amendments, and a Pastore amendment respecting limit on total credits; and

Rejected: By 30 yeas to 56 nays (motion to reconsider being tabled), Kennedy amendment adding new section to establish nationwide standards for amount and duration of unemployment-compensation benefits; by 31 yeas to 48 nays (motion to reconsider being tabled), Kennedy amendment to eliminate language outlining instances in which State may, pursuant to specific appropriations of its legislature, use money withdrawn from its account in payment incurred for administration of its unemployment compensation law and public employment offices.

Senate insisted on its amendments, requested conference with House, and appointed as conferees Senators Millikin, Martin, Williams, George, and Byrd.

Pages 9884–9887, 9893–9923

Health Services Prepayment: Authorization was granted through July 19 for filing of individual views on S. 3114, to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services. Page 9927

Atomic Energy: Senate proceeded to consideration of S. 3690, amend Atomic Energy Act of 1946.

Pages 9924–9925, 9928–9930

Confirmations: Six civilian nominations were confirmed, including that of Herbert B. Loper to be Chairman of the Military Liaison Committee to the AEC.

Page 9948

Nominations: 24 Air Force nominations in the rank of general were received. Page 9948

Program for Wednesday: Senate recessed at 8:38 p. m. until noon Wednesday, July 14, when it will continue on S. 3690, amend Atomic Energy Act of 1946; to be followed by S. 2910, additional judgeships; H. R. 6287, extend Renegotiation Act; S. 3706, amend Subversive Activities Control Act to determine identity of Communist-infiltrated organizations; S. 880, amend D. C. license law; and S. 2601, Federal assistance to schools.

Committee Meetings

(*Committees not listed did not meet*)

SUPPLEMENTAL APPROPRIATIONS

Committee on Appropriations: Committee continued its hearings on proposed supplemental appropriations for fiscal year 1955, with testimony today, as follows:

Representative Jenkins, who testified with regard to airport construction funds, Portsmouth, Ohio;

Wilbur A. Dexheimer, Commissioner, Bureau of Reclamation, accompanied by his associates, on funds for their Bureau; and

Conrad L. Wirth, Director, and Hillory A. Tolson, Assistant Director, both of National Park Service, on funds for their department.

The committee also heard testimony on miscellaneous items from numerous public witnesses.

Hearings continue tomorrow.

CIVIL DEFENSE, AND MILITARY HOUSING

Committee on Armed Services: Subcommittee on Real Estate and Military Construction received testimony from Katherine G. Howard, Deputy Administrator, Federal Civil Defense Administration, regarding plans to transfer civil defense headquarters to Battle Creek, Mich.; and from Assistant Secretary of Defense Franklin G. Floete and Col. Hal McCord, Air Force, regarding family housing in French Morocco under the rental guaranty plan.

WHITE HOUSE PICKETING

Committee on the District of Columbia: Subcommittee on Judiciary voted to postpone indefinitely further action on H. R. 9344, to prohibit picketing in vicinity of White House.

Prior to this action, hearings were held on the bill, with testimony as follows: Favoring its enactment were Representatives Gentry and Hiestand (the latter who filed a statement); and Irving Bryan, Assistant Corporation Counsel for D. C., and Robert V. Murray, Chief of Police, D. C., who stated that they had no objections to the bill.

SOCIAL SECURITY

Committee on Finance: Committee continued its executive consideration of H. R. 9366, providing for expanded coverage and an improved old-age and survivors insurance program, following which it announced that it had tentatively agreed to allow any individual in the following self-employed professional groups (now excluded under existing law) to elect to come under the OASI program within a limited period of about 2 years: Physicians, lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, optometrists, architects, Christian Science practitioners, professional engineers, funeral directors, and certain public accountants. (The House-passed bill extended coverage on compulsory basis to all these groups except physicians.) The committee also disapproved House provision which would extend coverage to farm operators on a compulsory basis, and in lieu thereof agreed to allow any individual farm operator to elect to come under the OASI retirement system within a limited period of about 2 years.

Committee recessed subject to call of the Chair.

CIVIL AERONAUTICS ACT OF 1954

Committee on Interstate and Foreign Commerce: Committee continued its hearings on S. 2647, to create an independent Civil Aeronautics Authority and independent Air Safety Board, with further testimony from former Senator Joseph O'Mahoney, who was accompanied by Harvey K. Maclay, both of whom represented North American Airlines. The witnesses answered further questions of the committee with regard to provisions of the bill dealing with noncertificated airlines.

Hearings continue next week, at a time as yet undetermined.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 20, 1954
For actions of July 19, 1954
83rd-2nd, No. 135

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HIGHLIGHTS: Senate agreed to conference report on watershed bill. Senate committee voted to exclude farmers from social security bill. House received conference report on housing bill. House committee reported bill to increase CCC borrowing power, Rules Committee cleared bill. House committee reported water-facilities loans bill. House debated supplemental appropriation bill. House passed bill to authorize rotation of CCC stocks, sales of small lots, etc. House passed bill authorizing additional contract research.

SENATE

1. SOIL CONSERVATION. Agreed to the conference report on H. R. 6788, to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation (pp. 10426-9).

2. SOCIAL SECURITY. The "Daily Digest" states that, during consideration of H. R. 9366, the social security bill, the Finance Committee "rescinded previous action relating to voluntary coverage of farm operators...and agreed to exclude the farm operators...as under existing law" and "with regard to agricultural workers, agreed to adopt, in lieu of House provisions, a test requiring $50 in earnings from one employer" (p. D856).

3. EDUCATION. Agreed to the conference reports on H. R. 7434, to establish a National Advisory Committee on Education, and H. R. 9040, to authorize cooperative research in education (pp. 10476-7).

4. VOCATIONAL REHABILITATION. Agreed to the conference report on S. 2759, to promote and assist in the extension and improvement of vocational rehabilitation (pp. 10424-6).

5. FARM LOANS. The Banking and Currency Committee reported with amendment H. R. 8152, to extend to June 30, 1955, the direct home and farmhouse loan authority of the Veterans' Administration under the Servicemen's Readjustment Act, and to make additional funds available therefor (S. Rept. 1911)(p. 10417).

6. ATOMIC ENERGY. Continued debate on S. 3690, to revise the Atomic Energy Act (pp. 10429-71, 10479-95). Most of the debate related to TVA.

7. PLANT PATENTING. The Judiciary Committee roported with/ out amendment H. R. 5420, providing that patents may be obtained on cultivated sports, mutants, hybrids, and newly found seedling plants (S. Rept. 1937)(p. 10478).

8. ADMINISTRATIVE PROCEDURE. The Judiciary Committee voted to report S. 17, to provide general rules of practice and procedure before Federal agencies (p. D857).

9. FARM PROGRAM. Sen. Aiken (for himself and Sens. Hickenlooper, Williams, Schoeppel, Welker, Holland, and Anderson) submitted amendments, intended to be proposed jointly by them, to S. 3052, the farm program bill (p. 10419).

10. RECLAMATION. Sen. Bennett spoke in favor of the upper Colorado River project (p. 10420). Sen. Kuchel criticized the project (pp. 10471-6).

11. DROUGHT RELIEF. Sen. Symington urged additional drought relief, including beef purchases and a hay program (pp. 10420-1).

12. ROADS. Sen. Ferguson inserted a newspaper editorial favoring the President's new highway program (p. 10495).

13. LEGISLATIVE PROGRAM. Minority Leader Johnson said: "I do not believe we will meet the July 31 deadline" (p. 10497). Majority Leader Knowland said: "I hope ...we can complete as soon as possible after July 31 the legislative program..." (p. 10498).

14. APPROPRIATIONS. Received from the President supplemental appropriation estimates for payment of claims and judgments against the Government (H. Doc. 144)(p. 10416).

HOUSE

15. SUPPLEMENTAL APPROPRIATION BILL, 1955. Began and concluded general debate on this bill, H. R. 9936 (H. Rept. 2266)(pp. 10327-42). The bill is to be read for amendment today. For provisions of the bill, see Digest 134.

16. CCC STOCKS. Passed without amendment S. 1381, to authorize rotation of CCC stocks, sale of small lots of commodities, etc. (p. 10315). This bill will now be sent to the President.

17. RESEARCH. Passed without amendment S. 2367, to authorize this Department to enter into contracts for the conduct of research (p. 10315). (Such authority is already available for research performed under the Research and Marketing Act.) This bill will now be sent to the President.

18. ANIMAL DISEASE. Passed without amendment S. 2583, to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of vesicular exanthema (applies only to Oregon)(p. 10315). This bill will now be sent to the President.

Daily Digest

HIGHLIGHTS

Senate adopted conference reports on bills on education, vocational rehabilitation, soil conservation, and naval vessels, and debated Atomic Energy Act amendments.

House passed 27 miscellaneous public bills and debated supplemental appropriations.

Senate Judiciary Committee approved numerous bills and nominations.

Bills on supplemental appropriations, Export-Import Bank, CCC borrowing increase, ship safety signals, and omnibus public works cleared for House debate by Rules Committee.

Senate

Chamber Action

Routine Proceedings, pages 10416–10429

Bills Introduced: 9 bills and 4 resolutions were introduced, as follows: S. 3767 to S. 3775; S. J. Res. 179; and S. Res. 285 to S. Res. 287. **Pages 10418, 10479, 10496**

Bills Reported: Reports were made as follows:

S. 3428, authorizing Federal Government to guard strategic defense facilities against acts of sabotage, espionage, or other subversion (S. Rept. 1818);

H. R. 9580, to revise and extend the laws relating to espionage and sabotage, with amendments (S. Rept. 1819);

S. 979, 1123, 1201, 1259, 1325, 1558, 1888, 1909, 2105, 2259, 2337, 2345, 2433, 2520, 2580, 2586, 2639, 2644, 2666, 2710, 2771, 2842, 2893, 2894, 2967, 3319; H. R. 686, 692, 795, 1337, 1462, 1768, 1788, 2028, 2188, 2371, 2403, 2440, 2499, 2619, 2627, 2650, 3017, 3675, 3743, 4248, 4330, 4813, 5340, 5354, 5816, 6026, 6553, 6855, 6982, 7041, 7145, 7150, 7152, 7221, 7761, 8239; S. 377, 547, 1601, 1978, 2064, 2536, 2649, 2709, 2789, 2791, 2885, 3065, 3160, 3221, 3322, 3343, 3424; H. R. 1514; S. 1852, 1873, 2841, 2925; H. R. 5461, 7886; S. Res. 285, to refer S. 3730, a private bill, to the Court of Claims; all private measures (S. Repts. 1820–1906, respectively);

H. R. 8155, to continue until June 30, 1955, the suspension of duties and import taxes on metal scrap (S. Rept. 1907);

H. R. 8628, to place crude silicon carbide on the free list of imports (S. Rept. 1908);

H. R. 9248, to remove racehorses from the provisions of law granting temporary free importation under bond for exportation within a limited period, with an amendment (S. Rept. 1909);

H. R. 8041, to provide benefits under the laws administered by the VA based upon service in the WAAC under certain conditions, with amendments (S. Rept. 1910);

H. R. 8152, continuation until June 30, 1955, of direct home and farmhouse loan authority of Administrator of VA under Servicemen's Readjustment Act of 1944, with an amendment (S. Rept. 1911);

S. 1871, 3436, and 1061, private bills (S. Repts. 1912–1914, respectively);

S. 3305, authorizing War Claims Commission to receive and adjudicate for payment claims of members of U. S. military and nationals of U. S. arising out of sequestration of credits in the Philippines by Japanese Government (S. Rept. 1915);

H. R. 1975, to extend the Federal Declaratory Judgments Act to Alaska (S. Rept. 1916);

H. R. 1976, to permit the registration of judgments in or from the District Court for Alaska (S. Rept. 1917);

H. R. 3557, 3757, 7140, 7411, S. 417, 1737, 3166, 3214, 3293, H. R. 1370, 2032, 3222, 4474, 4638, S. 2496, H. R. 1665, 7413, S. Res. 286, to refer S. 1613, a private bill, to Court of Claims, all private measures (S. Repts. 1918–1935, respectively);

S. 2559, to amend title 17 of U. S. Code regarding copyrights (S. Rept. 1936);

H. R. 5420, providing that a patent may be obtained on cultivated sports, mutants, hybrids, and newly found seedling plants (S. Rept. 1937);

H. R. 6280, to extend temporarily the rights of priority of nationals of Japan and certain nationals of Germany with respect to applications for patents (S. Rept. 1938); and

Individual views on S. 3114, to improve the public health by encouraging more extensive use of the volun-

tary prepayment method in the provision of personal health services (pt. 2 of S. Rept. 1798).

Pages 10417–10418, 10478–10479

Oklahoma Land: Senate reconsidered its action of Saturday, July 17, in passing without amendment H. R. 8983, to provide for the conveyance of certain lands by the U. S. to the city of Muskogee, Okla., and, on the bill's reconsideration, an amendment of a technical nature by Senator Bush was adopted and the bill was then passed again. Page 10423

Vocational Rehabilitation: Senate adopted conference report on S. 2759, to promote and assist in the extension and improvement of vocational rehabilitation services. Pages 10424–10426

Soil Conservation: Conference report on H. R. 6788, to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, was adopted. Pages 10426–10429

U. N. Charter: Senate completed legislative action on S. Con. Res. 80, authorizing printing of 1,000 additional copies of S. Doc. 87, Review of U. N. Charter—A Collection of Documents, by concurring in House amendments thereto. Page 10423

Education: Senate adopted conference reports on the following three bills relating to education:

H. R. 7601, authorizing appropriation to provide for a White House Conference on Education;

H. R. 7434, to establish a National Advisory Committee on Education; and

H. R. 9040, to authorize cooperative research in education. Pages 10476–10477

Naval Vessels: Senate adopted conference report on H. R. 8571, relating to construction of naval vessels.

Page 10477

Atomic Energy: Senate continued to debate S. 3690, to amend the Atomic Energy Act of 1946.

Pages 10429–10471, 10479–10495

Nominations: Two civilian nominations were received, including that of Charles I. Schottland, of California, to be Commissioner of Social Security, Department of HEW. Page 10498

Program for Tuesday: Senate recessed at 11:37 p. m. until 10 a. m. Tuesday, July 20, when it will continue on S. 3690, Atomic Energy Act amendments.

Committee Meetings

(*Committees not listed did not meet*)

APPROPRIATIONS—FOREIGN AID

Committee on Appropriations: Committee continued its executive hearings on appropriations for the foreign aid program, and heard testimony today from Secretary of State John Foster Dulles and FOA Director Harold Stassen. Hearings continue tomorrow.

FHA INVESTIGATION

Committee on Banking and Currency: Committee continued its hearings in connection with the investigation of the FHA, with testimony with regard to the Page Manor project in Dayton, Ohio, from Link Cowan and David Muss. Hearings will continue tomorrow, with further testimony on this housing project.

SOCIAL SECURITY, AND MISCELLANEOUS BILLS

Committee on Finance: Committee continued its executive consideration of H. R. 9366, providing for expanded coverage and an improved old-age and survivors insurance program, following which it announced the following actions: (1) Rescinded previous action relative to voluntary coverage of farm operators and members of the professional self-employed groups, and agreed to exclude the farm operators and professional self-employed groups as under existing law; (2) agreed to extend coverage to all ministers on a voluntary self-employed basis; (3) with regard to agricultural workers, agreed to adopt, in lieu of House provisions, a test requiring $50 in earnings from one employer; (4) agreed to modify the referendum provision on coverage of State and local government employment to require a favoring vote of a majority of those eligible to vote instead of the two-thirds majority of those voting as specified in the House bill; (5) agreed that an institution of higher learning may be covered as a separate coverage group; (6) approved House provisions on coverage of employees in commerce and industry, domestic workers in private homes, railroad employees, and members of Armed Forces; and (7) approved House provisions regarding $4,200 wage base, eligibility requirements, and benefit amounts.

Also, the committee ordered favorably reported:

Without amendment—H. R. 8155, to continue until June 30, 1955, the suspension of duties and import taxes on metal scrap; and H. R. 8628, to place crude silicon carbide on the free list of imports; and

Amended—H. R. 8041, to provide benefits under the laws administered by the VA based upon service in the WAAC under certain conditions (amendments would limit disability to that incurred in line of duty); and H. R. 9248, to remove racehorses from the provisions of law granting temporary free importation under bond for exportation within a limited period (amendment would suspend for 2 years the import duty on certain bookbinding and covers).

Committee will continue consideration of H. R. 9366 tomorrow.

SUBVERSIVES IN DEFENSE ESTABLISHMENTS

Committee on Government Operations: Permanent Subcommittee on Investigations began hearings with regard to subversives in defense establishments in Bos-

12. TRAVEL; VEHICLES. The Government Operations Committee reported without amendment H. R. 179, to provide for payment of expenses of round trip transportation of Federal employees and their immediate families, but not household effects, from posts of duty outside the continental U. S. (S. Rept. 1944); and with amendments H. R. 8753, to authorize GSA to establish and operate motor vehicle pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct the GSA to report the unauthorized use of Government motor vehicles, and to authorize CSC to regulate operators of Government motor vehicles (S. Rept. 1941) (p. 10561).

13. REPORTS; PROPERTY; TAXATION. The Government Operations Committee ordered reported H. R. 6290, to discontinue various requirements for reports to Congress, etc., and H. R. 5605, to amend the Federal Property and Administrative Services Act to provide that transfers of real property from certain Government corporations to other Government agencies shall not operate to remove such real property from local tax rolls (p. D865).

Received from this Department a report on tort claims paid by USDA for the fiscal year 1954 (p. 10559).

14. PURCHASING; EMERGENCY POWERS; PERSONNEL; GOVERNMENT COMPETITION; BUDGETING. The Government Operations Committee indefinitely postponed further action on S. 1175, to extend title II of the First War Powers Act of 1941 (relative to Government contracting); S. 3142, to promote ethics in Government; S. 3547, to terminate or limit those activities of the Federal Government which are in competition with private enterprise, etc.; and S. 1006, to provide for a consolidated cash budget, yea and nay votes on amendments to appropriation measures, an item veto, etc. (p. D865).

Sen. Neely appealed to the President to protect "faithful public servants against the devastating White House-directed patronage drive" and inserted a newspaper article on this subject, "Drive for Patronage Seeds Added Jobs" (p. 10564).

15. MINERALS; PUBLIC LANDS. Senate conferees were appointed on S. 3344, to provide for multiple mineral development of the same tracts of the public lands (pp. 10598-601). House conferees have not yet been appointed.

16. SURPLUS COMMODITIES; FOREIGN AID. Sen. Humphrey urged the administration to "act speedily and hastily" to use surplus crops to aid the underprivileged peoples of the world, and to ship immediately butter, dried milk, wheat, and beans (p. 10564).

Sen. Wiley inserted a Nat'l Council of Baptist Women (Green Lake, Wis.) resolution endorsing action to release surplus food to voluntary agencies for shipment overseas (p. 10560).

17. PRICE SUPPORTS. Sen. Langer inserted a constituent's letter transmitting a petition signed by Halliday, N. Dak. businessmen favoring the enactment of legislation providing full parity for farmers (pp. 10559-60).

Sen. Langer inserted a N. Dak. Stockmen's Ass'n resolution opposing any form of direct Government support for cattle, favoring purchases on the beef buying program for school lunch programs, and suggesting "beef education" programs for USDA (p. 10560).

Sen. Wiley inserted a message from the Pure Milk Producers Cooperatives endorsing the Senate Agriculture Committee's version of the farm parity maintenance (p. 10563).

18. LEGISLATIVE PROGRAM. Sen. Knowland stated that after completion of the atomic energy bill the farm bill will be called up for discussion, to be followed by the foreign-aid authorization bill, the unemployment-compensation bill. He also stated that in all probability there would not be another call of the call of the calendar until completion of the farm bill and the foreign-aid bill (pp. 10629-30).

19. SOCIAL SECURITY. The Finance Committee ordered reported with amendments H. R. 9366, to provide for the expansion and improvement of the social security program. The "Daily Digest" states that the committee:

"Disapproved House provision extending coverage to employees of Federal instrumentalities who are not covered by another retirement system, and certain other specific groups, thereby retaining existing law. However, the committee approved a motion to stop the crediting of the same period of Federal service to more than one retirement system for any Federal employment." (pp. D864-5.)

20. FARM PROGRAM. Sen. Anderson submitted an amendment intended to be proposed by him to S. 3052, the farm program bill (p. 10561).

21. ADMINISTRATIVE PROCEDURE. The Judiciary Committee reported with amendment S. 17 to provide general rules of practice and procedure before Federal agencies (p. 10560).

22. NOMINATION. The Interior and Insular Affairs Committee reported the nomination of Mr. Clarence A. Davis to be Under Secretary of the Interior (p. 10565).

23. ELECTRIFICATION. Sen. Langer inserted a Rural Electric Cooperatives (Bismarck, N. D.) telegram favoring funds for the Bureau of Reclamation "as may be necessary to... have adequate mobile spare transformers located in our region" (p. 10559).

24. RECLAMATION. Sen. Bennett spoke in favor of the upper Colo. River reclamation project (p. 10562).

BILLS INTRODUCED

25. COTTON. H. R. 9954, by Rep. Abernethy, "to amend the U. S. Cotton Standards Act"; to Agriculture Committee (p. 10556).

H. R. 9963, by Rep. Abernethy, to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to Agriculture Committee (p. 10556).

26. FARM LOANS. H. R. 9957, by Rep. Hope, relating to the financial structure of production credit associations; to Agriculture Committee (p. 10556).

27. CCC CORN. H. J. Res. 563, by Rep. Simpson, Ill., relating to sales of Commodity Credit Corporation corn; to Agriculture Committee (p. 10557).

28. LAND TRANSFER. H. J. Res. 564, by Rep. Riley, to release reversionary right to improvements on a 3-acre tract in Orangeburg County, S. C.; to Agriculture Committee (p. 10557).

29. POULTRY. H. Res. 647, by Rep. Price, for the study and investigation of health and sanitary conditions in the commercial slaughtering and processing of poultry; to Rules Committee (p. 10557).

Daily Digest

HIGHLIGHTS

Senate cleared for President bills on Treasury officials and defense gifts, adopted conference reports on vessels sale, Indian hospitals, and service officers, and debated Atomic Energy Act amendments.

House adopted conference report on housing bill and worked on supplemental appropriations.

Senate Finance Committee approved social security bill.

Bill increasing service-connected compensation to veterans approved by House committee.

Senate

Chamber Action

Routine Proceedings, pages 10559–10584

Bills Introduced: 5 bills and 1 resolution were introduced, as follows: S. 3776 to S. 3780; and S. Res. 288.

Page 10561

Bills Reported: Reports were made as follows:

H. R. 8038, authorizing conveyance of certain land in Hot Springs National Park, Ark., to school district (S. Rept. 1939);

H. R. 2163, private bill (S. Rept. 1940);

H. R. 8753, to amend the Federal Property and Administrative Services Act, relating to Government motor vehicles, with amendments (S. Rept. 1941);

S. 3709, providing for conveyance of certain real property to town of Beaufort, N. C. (S. Rept. 1942);

H. R. 6658, providing for conveyance of certain U. S. lands in Cumberland County, N. C., to the State of North Carolina (S. Rept. 1943);

H. R. 179, to provide for payment of expenses of return transportation of Federal employees and authorized dependents, but not household effects, from posts of duty outside continental U. S. (S. Rept. 1944);

H. R. 8501, private bill (S. Rept. 1945);

H. R. 8020, authorizing transfer of certain property in Klamath Falls, Oreg., with an amendment (S. Rept. 1946);

S. 3778, to amend the Foreign Service Act so as to encourage entry into the Service by State Department and civil-service personnel and reserve and staff officers (S. Rept. 1947);

S. 3104, 3105, 3326, 3516; H. R. 5986, private bills (S. Repts. 1948–1952, respectively);

S. 17, to provide general rules of practice and procedure before Federal agencies, with amendment (S. Rept. 1953);

S. 1692 and 3076, private bills (S. Repts. 1954 and 1955);

S. 3517, to amend U. S. Code regarding affidavit of bias or prejudice against a district judge (S. Rept. 1956); and

H. R. 2024, 3008, 3951, 5093; S. 47, 1022, 3304; H. R. 4175, 5460, private bills (S. Repts. 1957–1965, respectively). Pages 10560–10561

Bills Referred: 14 House-passed bills were referred to appropriate committees. Pages 10561–10562

Treasury Officials: Senate concurred in House amendments to S. 3605, to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury, and to provide for an Under Secretary for Monetary Affairs and an additional assistant in the Treasury Department, clearing the bill for President's signature.

Page 10565

Indian Hospitals: Conference report on H. R. 303, to transfer to the Public Health Service the administration and operation of health services and hospitals for Indians, was adopted. Pages 10596–10598

Mineral Leasing: Senate disagreed to House amendments to S. 3344, to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, asked for a conference and appointed as conferees Senators Millikin, Watkins, Barrett, Murray, and Anderson. Pages 10598–10601

Gifts: Senate concurred in House amendment to S. 3197, to authorize the acceptance of conditional gifts to further the defense effort, thus clearing bill for White House. Page 10598

Vessel Sale: Conference report was adopted on H. J. Res. 534, to authorize Federal sale of certain war-built passenger-cargo vessels. Page 10584

Navy and Marine Officers: Conference report on H. R. 6725, to extend the authority for the appointment of certain officers in the Regular Navy and Marine Corps, was adopted. Page 10617

Atomic Energy: Senate debated S. 3690, to amend the Atomic Energy Act of 1946.

Pending at recess was modified Anderson amendment (offered as a substitute for modified Ferguson amendment). The modified Anderson amendment would confine authority of the AEC to enter into contracts for electric power to contracts with persons agreeing to supply such service directly to AEC installations and providing that any contract hereafter entered into by AEC shall be submitted to Joint Committee on Atomic Energy for 30 days while Congress is in session before such contract shall be effective. The modified Ferguson amendment provides that authority of AEC to enter into contracts or modify or confirm existing contracts for electric power includes, in case such service is to be furnished to AEC by TVA, authority to contract with any person to furnish electric power to TVA in replacement thereof, and requires that any contract hereafter entered into by AEC shall be submitted to Joint Committee on Atomic Energy for 30 days while Congress is in session before such contract shall be effective. Pages 10584–10596, 10601–10629

Confirmations: Two judicial nominations were confirmed. Page 10633

Program for Wednesday: Senate recessed at 9:38 p. m. until 10 a. m. Wednesday, July 21, when it will continue on S. 3690, Atomic Energy Act amendments.

Committee Meetings

(*Committees not listed did not meet*)

APPROPRIATIONS—FOREIGN AID

Committee on Appropriations: Continuing its executive hearings on appropriations for the extension of foreign aid program, committee heard further testimony from FOA Director Harold Stassen. Also testifying was Maj. Gen. George C. Stewart, Office of the Assistant Secretary of Defense for International Affairs. Hearings continue tomorrow.

RESERVE OFFICERS

Committee on Armed Services: Committee held hearings on H. R. 6573, to provide for the promotion, precedence, constructive credit, distribution, retention, and elimination of officers of the Reserve components of the Armed Forces. Testimony was heard as follows:

Defense Department—John A. Hannah, Assistant Secretary of Defense for Manpower and Personnel; James H. Douglas, Under Secretary of the Air Force; Hugh M. Milton III, Assistant Secretary of the Army; and Thomas S. Gates, Jr., Under Secretary of the Navy;

Coast Guard—H. Chapman Rose, Assistant Secretary of the Treasury;

Reserve Officers Association—Gov. Strom Thurmond, national president; Gen. Melvin J. Maas, chairman of legislative committee; Col. Charles M. Boyer, executive director; and Col. J. M. Chambers, assistant executive director;

Air Force Association—James H. Straubel, executive director; and

National Guard Association—Gen. Ellard A. Walsh, president.

Committee will meet again on Thursday, July 22, for executive consideration of this bill.

FHA INVESTIGATION

Committee on Banking and Currency: Committee continued its hearings in connection with the investigation of the FHA, with further testimony today on the Page Manor housing project in Dayton, Ohio, from David Muss, Clint Murchison, Jr., Robert L. Pine, and Norman K. Winston. Testimony was also heard with regard to the Billy Mitchell Village project in San Antonio, Tex., from Norman K. Winston, and on the Jefferson Village project, Washington, D. C., from Charles Rose. Hearings continue Thursday, July 22.

SOCIAL SECURITY

Committee on Finance: Committee, in executive session, ordered favorably reported with amendments H. R. 9366, providing for expanded coverage and an improved old-age and survivors insurance program. Prior to its approval, the committee took the following further actions on the bill:

(1) Amended House provisions relating to lump-sum death payment by deleting the statutory maximum of $255, thereby retaining existing law of 3 times the primary insurance amount (all other House provisions on benefit amounts were approved);

(2) Modified the retirement test in House bill as follows: (*a*) test to apply only to covered work (as in existing law), (*b*) 1 month's benefit withheld from the beneficiary under age 72 for each unit of $80 or fraction thereof by which annual earnings from covered employment and self-employment exceed $1,200 (House figure was $1,000), and (*c*) income after age 72 not be subject to test (in lieu of age 75 as in House bill and existing law);

(3) Disapproved House provisions relating to deductions from benefits of dependents and survivors residing abroad, the disqualifying provisions relating to earnings during unlawful residence in the U. S., and termination of benefits upon deportation;

(4) Approved House provisions (*a*) freezing benefit rights for the disabled, and (*b*) on contribution rates;

(5) Agreed to extend until September 30, 1956 (in lieu of September 30, 1955, in House bill), the present Federal-State matching formula for public assistance programs;

(6) Approved House provision extending until June 30, 1957, the temporary provision for approval of certain State plans for aid to the blind which do not meet requirements of the Social Security Act; and

(7) Disapproved House provision extending coverage to employees of Federal instrumentalities who are not covered by another retirement system, and certain other specific groups, thereby retaining existing law. However, the committee approved a motion to stop the crediting of the same period of Federal service to more than one retirement system for any Federal employment.

MISCELLANEOUS BILLS

Committee on Government Operations: Committee ordered favorably reported:

With amendment—H. R. 8753, to amend the Federal Property and Administrative Services Act, relating to Government motor vehicles; H. R. 6290, to discontinue certain reports by departments and agencies to the Congress; H. R. 5605, payments by Federal Government in lieu of taxes to States or local taxing units; and H. R. 8020, authorizing transfer of certain property in Klamath Falls, Oreg.; and

Without amendment—H. R. 179, to provide for payment of expenses of return transportation of Federal employees and authorized dependents, but not household effects, from posts of duty outside continental U. S.; H. R. 6658, providing for conveyance of certain U. S. lands in Cumberland County, N. C., to the State of North Carolina; H. R. 8501, a private bill; and S. 3709, providing for conveyance of certain real property to town of Beaufort, N. C.

Committee indefinitely postponed further action on S. J. Res. 120, Laramie (Wyo.) alumina plant; S. 2505, regarding destruction of Government records during war; S. 2341, land in Lansing, Mich.; S. 1175, extension of provisions of title II of First War Powers Act of 1941; S. 1006, Economy Act of 1953; S. 3142, to promote ethics in Government; and S. 3547, Government competition with private enterprise.

SUBCOMMITTEE BUSINESS

Committee on Government Operations: Permanent Subcommittee on Investigations met in executive session with regard to matters pertaining to its staff.

NOMINATION, LAND, AND PRIVATE BILL

Committee on Interior and Insular Affairs: Committee ordered favorably reported the nomination of Clarence A. Davis, of Nebraska, to be Under Secretary of Interior. The committee also approved without amendment H. R. 8038, authorizing conveyance of certain land in Hot Springs National Park, Ark., to school district, and S. 3316, a private bill.

Prior to approval of Mr. Davis' nomination, hearings were held thereon, with testimony from Senators Bowring and Reynolds, and the nominee.

AUTO BOOTLEG BILL

Committee on Interstate and Foreign Commerce: Subcommittee on Business and Consumer Interests held hearings on S. 3596, to amend the Federal Trade Commission Act with respect to certain contracts, agreements, or franchises pertaining to distribution and manufacturing of automobiles and trucks. Testimony was heard as follows:

Favoring enactment of the bill were Charles C. Freed, president, Frederick J. Bell, executive vice president, Roland Kirks, general counsel, Alton M. Costley, regional vice president, Harry M. Sloate, member and former director, Birkett L. Williams, director, Joseph R. Marsh, member, H. Mead Norton, regional vice president, H. A. Lanphear, director, R. D. McKay, director, and Spencer T. Honig, director, all of the National Automobile Dealers Association, and Leo B. Carey, president, Rhode Island Automobile Dealers Association, Westover, R. I.

Testifying in opposition to enactment of the bill were Earl W. Kintner, General Counsel, FTC; Richard C. Webster, Salisbury, Md., and Joseph B. Danzansky, attorney for National Used Car Dealers Association, Washington, D. C.

Subcommittee recessed subject to call.

UHF–TV

Committee on Interstate and Foreign Commerce: Subcommittee on Communications met in executive session and agreed to recommend to the full committee that the subcommittee's position with respect to removing excise tax on all channel television sets be reaffirmed. Also, the subcommittee agreed to create an ad hoc advisory committee representing all segments of the radio and television industry and the public to study certain proposals submitted to the subcommittee during its hearings.

POSTAL PAY LEGISLATION

Committee on Post Office and Civil Service: Committee held hearings on proposed postal pay raise legislation. Witnesses heard today are as follows: William C. Doherty, president, National Association of Letter Carriers; E. C. Hallbeck, legislative representative, National Federation of Post Office Clerks; W. M. Thomas, president, Postal Transport Association; Harold McAvoy, president, National Association of Post Office and Postal Transportation Service Mail Handlers, Watchmen, and Messengers; Samuel E. Klein, president, United National Association of Post Office Clerks; Jesse V. Horton, vice president, National Association of Postal Supervisors; Paul Benson, president, National Association of Rural Letters Carriers; Ross A. Messer, National Association of Post Office and General Services Maintenance Employees; C. B. Gravitt, Jr., secretary and legislative representative, National League of District Postmasters; Frank Russell, president, National Star Route Mail Carriers Association; J. Austin Latimer,

representing National Association of Postmasters; and Paul M. Castiglioni, legislative representative, National Federation of Post Office Motor Vehicle Employees.

Statements were submitted with regard to this matter by Henry J. Mahady, national commander, AMVETS; James A. Campbell, president, AFGE; and George L. Warfel, president, National Association of Special Delivery Messengers.

Hearings continue tomorrow, with testimony on pay raise legislation for classified employees.

INVESTIGATING COMMITTEES—RULES OF PROCEDURE

Committee on Rules and Administration: Subcommittee on Rules resumed its hearings on miscellaneous resolutions dealing with rules of procedure for investigating committees, and heard testimony today from Representative Meader, former Senators Gerald P. Nye and Millard Tydings, and Stephen Raushenbush, of Washington, D. C. Hearings continue tomorrow.

House of Representatives

Chamber Action

Bills Introduced: 14 public bills, H. R. 9954–9967; 12 private bills, H. R. 9968–9979; and 10 resolutions, H. J. Res. 562–564, H. Con. Res. 256 and 257, and H. Res. 647–651, were introduced. Pages 10556–10557

Bills Reported: Reports were filed as follows:

H. R. 6427, for the relief of the State of North Carolina, amended (H. Rept. 2299);

H. R. 9740, for the relief of certain Army and Air Force nurses (H. Rept. 2300);

Fourteen private bills, S. 555, 820, 1183, 1702, 3062, 3064, H. R. 703, H. Res. 638, 637, H. R. 3014, 7099, 7497, 8281, and 9261 (H. Repts. 2301–2314, respectively);

S. 2027, authorizing the Secretary of Interior to issue quitclaim deeds to States for certain lands (H. Rept. 2315);

S. 3302, granting certain public lands to the Las Vegas Valley Water District, Nevada, amended (H. Rept. 2316);

S. 3699, granting Federal approval to the interstate compact on the Sabine River (H. Rept. 2317);

H. R. 7785, to make permanent the increases in regular annuities under the Civil Service Retirement Act which were granted by Public Law 555 (82d Cong.), and extend such increases to additional annuities purchased by voluntary contributions, amended (H. Rept. 2318);

H. R. 8365, declares valid all patents-in-fee heretofore issued to the Mission Indians in the State of California notwithstanding issuance prior to the expiration of the trust period existing with respect to a trust patent (H. Rept. 2319);

H. R. 8821, to authorize the exchange of lands acquired by the United States for the Catoctin recreational demonstration area, Frederick County, Md. (H. Rept. 2320);

H. R. 9679, granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River (H. Rept. 2321);

H. R. 9821, to provide for orderly termination of Federal supervision over the property and members of the Menominee Indian Tribe of Wisconsin, amended (H. Rept. 2322);

Two private bills, H. R. 7881 and S. 3303 (H. Repts. 2323 and 2324, respectively);

H. R. 9751, to authorize the Secretary of the Interior to sell and convey certain Parker-Davis transmission facilities and related property in the States of Arizona and California, amended (H. Rept. 2325);

S. 3506, to repeal prohibition against use of alley dwellings in the D. C., amended (H. Rept. 2326);

S. 1244, relating to the renewal of contracts for carrying of mail on star routes (H. Rept. 2327);

S. 1585, to amend the D. C. Traffic Act of 1925 (H. Rept. 2328);

S. 3233, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in U. S.-flag vessels, amended (H. Rept. 2329);

S. 3329, to amend the D. C. Police and Firemen's Salary Act to correct certain inequities, amended (H. Rept. 2330);

S. 3518, relating to fees and appointment of personnel by D. C. Recorder of Deeds (H. Rept. 2331);

S. 3655, to provide that the D. C. Metropolitan Police force shall keep arrest books which are open to public inspection (H. Rept. 2332);

S. 3683, to amend the D. C. Credit Unions Act, amended (H. Rept. 2333);

H. R. 5718, to limit the period for collection by the United States of compensation received by officers and employees in violation of the dual compensation laws (H. Rept. 2334);

H. R. 6127, to create a Board for the Condemnation of Insanitary Buildings in the District of Columbia, amended (H. Rept. 2335);

H. R. 7484, to direct the U. S. attorney for D. C. to certify cases of juveniles charged with felonious crimes to either the U. S. district court or the D. C. juvenile court, after examination of the case (H. Rept. 2336);

H. R. 7670, relating to the referral of cases by the municipal court for the District of Columbia to the District of Columbia tax court (H. Rept. 2337);

H. R. 8915, grants the D. C. municipal court of appeals exclusive jurisdiction to review various orders or deci-

Calendar No. 2004

83D CONGRESS
2d Session

SENATE

REPORT
No. 1987

SOCIAL SECURITY AMENDMENTS OF 1954

JULY 27 (legislative day, JULY 2), 1954.—Ordered to be printed

Mr. MILLIKIN, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 9366]

The Committee on Finance, to whom was referred the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

I. PURPOSE AND SCOPE OF THE BILL

A basic program of contributory old-age and survivors insurance is important to the economic security of American families. Your committee is convinced that coverage of this system should be substantially broadened. Further than that, changes are needed in the benefit structure to bring benefits more in line with present-day price and wage levels. Special provisions are needed to prevent the reduction of benefits for workers who, because of total disability, cannot continue to work, and finally the retirement test should be amended so as to promote greater freedom for older workers to take part-time or seasonal work.

In making recommendations for bringing a sizable proportion of these workers under the old-age and survivors insurance system, your committee has considered both the administrative feasibility of their coverage and the wishes of the members of these groups, as expressed through their spokesmen in testimony before the committee. Your committee found that, in some instances, there was a division of opinion, particularly among the farm operators and the professional self-employed.

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In the interest of securing as broad coverage as possible under the program, your committee carefully considered the possibility of allowing individuals working in such occupations to elect coverage on a voluntary basis. In this way the problem of diverse opinion on entrance into the program could have been resolved. Your committee concluded, however, that extension of coverage on an individual voluntary basis involved grave dangers with respect to the financing of the system, as well as discrimination against the great majority of workers covered under the program on a compulsory basis. Therefore, where the committee found that substantial agreement did not exist among a group as to whether it desired to be covered, the committee concluded that it would be wiser to continue the exclusion of that group rather than allow its members to elect coverage as individuals.

The old-age and survivors insurance system contains benefit provisions which allow for the payment of benefits in individual cases that are considerably in excess of the value of the contributions paid. Thus workers retiring in the early years after their coverage under the program started are permitted to draw full-rate benefits on the basis of a short period of work and contributions. Also, the survivors' insurance protection to individuals with large families is especially valuable. These provisions are necessary to the effective fulfillment of the purposes of the system in preventing dependency. They would, however, make the program vulnerable to adverse selection if coverage were to be made available on the basis of individual choice. Those who would elect coverage under a voluntary option are primarily those who could expect the largest return for a relatively small contribution. The deficit in their contributions would have to be made up by increasing the contribution rate for the covered group as a whole. The result would be that those who are compulsorily covered along with their employers would have to bear a large part of the cost of the difference between what the select group pays and what it receives.

Your committee is convinced that the compulsory character of the system must be preserved, and that in the absence of overriding considerations of a special character, as is present in the case of members of the clergy, any extension of coverage must be on a mandatory basis with respect to individuals.

The amendments recommended by your committee would extend coverage to some 7 million people who during the course of a year work in jobs not now covered by the program. This represents a substantial expansion of coverage over present law. With more people qualifying for old-age and survivors insurance, fewer will have to rely on public assistance to meet their daily living expenses after retirement or death of the breadwinner.

As a means of affording security for the American people in a way consistent with their independence and dignity, your committee recommends approval of fundamental reforms in the old-age and survivors insurance benefit structure. These changes will raise the level of benefits and relate benefits more realistically to the individual's customary earnings while working. Thus, provision is made for increasing the maximum on the annual amount of earnings on which workers pay social-security taxes and which count in the computation of their benefits. The rise in wage levels makes such an increase

imperative so that normal work earnings may be reflected in the benefit amounts payable under the system. Provision is also made for disregarding limited periods of low or no earnings in the computation of average earnings.

Further, special provisions are made to protect the benefit rights of workers who become totally disabled. Where a worker who has been regularly employed under the program is prevented from continuing his coverage by reason of total disability, your committee believes that his insured status under the system should be preserved and that the benefit payable on his record upon his retirement or upon his death should not be reduced. A further desirable effect of the provision for the protection of the benefit rights of disabled workers will be the impetus given to referral of handicapped persons to the State vocational rehabilitation programs.

The general improvement of benefit levels that may be expected from enactment of the above provisions is rounded out by an amendment to the formula used in computing benefit amounts and by increased payments to the 6.5 million beneficiaries currently on the benefit rolls.

Finally your committee believes older people who are retired, but who are able to undertake at least some productive employment should have more generous provisions made than in present law with respect to their receipt of benefit payments under the program. To ease the situation of retired workers who undertake part-time, intermittent, or seasonal work, your committee recommends a more liberal and flexible test of retirement, applied on an annual basis for wage-earners as well as self-employed persons. The recommended test would allow for higher earnings while drawing benefits. Moreover, after an individual reaches 72 years of age, he could draw benefits without any limitation on his earnings.

II. Summary of Principal Provisions of the Bill

A. Old-age and survivors insurance

1. *Extension of coverage.*—Old-age and survivors insurance coverage would be afforded to approximately 7 million persons who work during the course of a year in jobs now excluded from the program. The groups brought into the program under the bill are as follows:

(*a*) Employees of State and local governments who are covered by State and local retirement systems, other than policemen and firemen, under voluntary agreements between the State and the Federal Government, if a majority of the members of the system vote in a referendum in favor of coverage (about 3.5 million).

(*b*) Farmworkers who are paid at least $50 in cash wages by a given employer in a calendar quarter (about 2.6 million).

(*c*) Domestic workers in private homes (and others who perform work not in the course of the employer's trade or business) who are paid $50 in cash wages by an employer in a calendar quarter, regardless of the 24-day test required in the present law (about 250,000).

(*d*) Ministers and members of religious orders, whether self-employed or employees, if they elect individually for coverage as self-employed persons (about 260,000).

(*e*) American citizens employed outside the United States by foreign subsidiaries of American companies—under voluntary agreements between the Federal Government and the parent American concern (about 100,000).

(*f*) Homeworkers who are now excluded from coverage as employees (whether or not they are now covered as self-employed persons) because their services are not subject to State licensing laws (about 100,000).

(*g*) Employees engaged in fishing and related activities, on vessels of 10 net tons or less or on shore (about 50,000).

(*h*) American citizens employed by American employers on vessels and aircraft of foreign registry (a very small number).

2. *Computation of average monthly wage.*—Up to 5 years in which earnings were lowest (or nonexistent) could be dropped from the computation of the average monthly wage.

3. *Earnings base.*—The total annual earnings on which benefits would be computed and contributions paid would be raised from $3,600 to $4,200.

4. *Increase in benefits.*—(*a*) More than 6.5 million persons now on the benefit rolls would have their benefits increased. The average increase for retired workers would be about $6 a month, with proportionate increases for dependents and survivors. The range in primary insurance amounts for those now on the rolls would be $30 to $98.50 as compared to $25 to $85 under present law.

(*b*) Persons who retire or die in the future would, in general, have their benefits computed by the following new formula: 55 percent of the first $110 of average monthly wage (rather than $100 as in present law) plus 20 percent of the next $240 (rather than 15 percent of the next $200).

(*c*) The minimum monthly benefit amount for a retired worker would be $30, and the minimum amount payable where only one survivor is entitled to benefits on the deceased insured person's earnings, would be $30.

(*d*) The maximum monthly family benefit of $168.75 would be increased to $200; the provision of existing law that total family benefits cannot exceed 80 percent of the worker's average monthly wage would not reduce total family benefits below 1½ times the insured workers primary insurance amount or $50, whichever is the greater.

5. *Limitation on earnings of beneficiaries.*—The earnings limitation would be removed at age 72. For beneficiaries under age 72 the earnings limitation would be made the same for wage earners and self-employed persons. A beneficiary could earn as much as $1,200 in a year from covered work without loss of benefits. He would lose 1 month's benefit for each unit of $80 (or fraction thereof) of covered earnings in excess of $1,200, but in no case would he lose benefits for months in which he neither earned more than $80 in wages nor rendered substantial services in self-employment. Beneficiaries engaged in noncovered work outside the United States would have their benefits withheld for any month in which they worked on 7 or more days.

6. *Eligibility for benefits.*—(*a*) As an alternative to the present requirements for fully insured status, an individual would be fully insured if all the quarters elapsing after 1954 and up to the quarter of his death or attainment of age 65 were quarters of coverage, provided he had at least 6 quarters of coverage after 1954.

(*b*) Benefits would be paid to the surviving aged widow, widowed mother, and children, or parents of any individual who died after 1939 and prior to September 1, 1950, and had at least 6 quarters of coverage.

7. *Preservation of benefit rights for disabled.*—The period during which an individual was under an extended total disability would be excluded in determining his insured status and the amount of benefits payable to him upon retirement or to his survivors in the event of his death. Only disabilities lasting more than 6 months would be taken into account. Determinations of disabilities generally would be made by State vocational rehabilitation agencies or other appropriate State agencies pursuant to agreements with the Secretary of Health, Education, and Welfare.

8. *Recomputation of benefits for work after entitlement.*—An individual may have his benefit recomputed to take into account additional earnings after entitlement if he has covered earnings of more than $1,200 in a calendar year after 1953 and after the year in which his benefit was last computed.

9. *Contribution rates.*—Employers and employees will continue to share equally, with the rates on each being as follows:

Calendar years:	*Rate (percent)*
1954–59	2
1960–64	2½
1965–69	3
1970–74	3½
1975 and after	4

The self-employed would pay 1½ times the above rates.

B. Public assistance

1. The provisions of the 1952 amendments, presently scheduled to expire on September 30, 1954, with respect to temporary increases in Federal payments to States for old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled are extended through September 30, 1956.

2. The provisions of the 1950 amendments for approval of certain State plans for aid to the blind which did not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act are extended from June 30, 1955, to June 30, 1957.

III. Extension of Old-Age and Survivors Insurance Coverage

A. General

The old-age and survivors insurance program now covers about 8 out of 10 of the Nation's jobs. During the course of a year about 62 million people work in employment or self-employment covered under the program. The committee-approved bill would afford coverage to about 7 million people who in the course of a year work in jobs that are not now covered.

Under the bill, coverage would be extended to members of State and local retirement systems (other than policemen and firemen), additional farm workers and domestic workers, ministers and members of religious orders, and certain other smaller groups.

The major groups who would still remain excluded from the program are self-employed farm operators and self-employed professional persons, members of the Armed Forces, most Federal civilian employ-

ees, and policemen and firemen covered by a State or local government retirement system.

B. Specific coverage groups added

1. *Employees of State and local governments under retirement systems.*—In the course of a year about 3.5 million employees (other than policemen and firemen) are in positions covered by State and local retirement systems. The present law, which provides for covering State and local government employees under voluntary agreements between the individual State and the Federal Government, excludes from coverage under an agreement employees who are in positions covered by a State or local retirement system on the date the agreement is made applicable to the coverage groups to which they belong (except for members of the Wisconsin retirement fund, for whom coverage was made available under special provisions enacted in 1953).

Under present law the only way in which employees under a retirement system can be covered is by dissolving the system before the group is brought under the Federal-State agreement. Several States and a large number of local governments have secured old-age and survivors insurance coverage for employees by this method. In all except a few cases where the old-age and survivors insurance system alone provides greater protection than the dissolved system, a supplemental system has been established to replace the abandoned system after old-age and survivors insurance coverage was secured. An estimated 300,000 employees now have the combined protection of old-age and survivors insurance and a supplemental system.

Under the bill, a State could bring members of a State or local retirement system (except policemen and firemen) under its old-age and survivors insurance agreement, if a referendum by secret written ballot is held among the members of the system and a majority of the members of the system eligible to vote in the referendum vote in favor of old-age and survivors insurance coverage.

The bill continues the present exclusion of policemen and firemen who are covered by a State or local retirement system. Policemen and firemen, because of the special demands made by their work, usually have special provisions in their retirement systems (retirement at age 50 or 55, for example) and most of them believe that it would be unwise to attempt to coordinate these provisions with the provisions of the old-age and survivors insurance system.

The bill states that it is the policy of the Congress in making coverage available to retirement system members that the protection of members and beneficiaries of the retirement system not be impaired by reason of coverage of the retirement system members under old-age and survivors insurance. The bill also removes the possibility that retirement system members (other than policemen and firemen) may be covered without a referendum, by dissolving the retirement system.

Under present law, employees whose positions are covered by a retirement system but who are not themselves eligible for membership in the system cannot be covered under old-age and survivors insurance. The bill would permit these employees (other than policemen and firemen) to be covered without a referendum even if the members of the retirement system were not covered. The employees would not be

permitted to vote in any referendum on coverage for the retirement system members, since they could be covered regardless of the outcome of the referendum. If the retirement system members were covered after a favorable referendum, however, employees in positions covered by the system but not themselves eligible for membership in the system would also be included under the agreement.

The bill would also provide for covering without a referendum, at any time prior to January 1, 1958, employees who could not be covered when their coverage group was brought in because they were under a retirement system, but whose system was later dissolved by action taken prior to enactment of the bill. It is necessary to do this because the referendum provisions could not be applied to these employees, since there would be no active members of a retirement system who could vote in a referendum.

The bill amends the provision of the House bill so a State may consider any political subdivision or any combination of political subdivisions as having a separate retirement system for the purposes of the referendum. The bill also requires that each public institution of higher learning shall be considered as having a separate retirement system for the purposes of the referendum. Special provision is made in the bill for coverage under the Utah agreement of employees performing services for certain enumerated units of the State in positions covered by a retirement system who are precluded from coverage under present law. Special provision is also made for coverage under a State agreement, at the option of the State, of services of inspectors of agricultural products employed to perform services in connection with agreements between States and the United States Department of Agriculture. As in the House bill, civilian employees of State National Guard units would be covered at the option of the State.

2. *Farmworkers.*—Under the present law, in order to be covered, a farmworker must be "regularly employed" by one employer and receive cash wages of $50 or more in a calendar quarter from that employer. The definition of "regularly employed" is complicated and difficult to apply. In general, after a farmworker has worked for one employer continuously for an entire calendar quarter, he is "regularly employed" in succeeding quarters if he works for that employer on a full-time basis on at least 60 days during the quarter. Records must be kept over a substantial period before it is clear whether or not an individual is covered. The bill would substitute a simple coverage test for the present test. A farmworker would be covered with respect to his work for an employer if he is paid at least $50 in cash wages by that employer in a calendar quarter. The complexities of the time test would be eliminated; yet the recommended test would continue to exclude from coverage the most intermittent or short-term workers and avoid nuisance reporting of small amounts of wages.

The coverage test for farmworkers under the House bill is more restrictive than the test in the committee-approved bill. Under the House bill, a farmworker would be covered with respect to his work for an employer if he is paid $200 or more in cash wages by that employer during the course of a year; and employers would make annual, rather than quarterly, reports of the cash wages paid to farmworkers who meet the test.

Both the House-approved and the committee-approved bills would extend coverage to cotton-gin workers. The House bill would have

extended coverage to gum naval stores workers; the committee bill continues the present exclusion of these workers.

The committee-approved bill would cover a total of about 2.6 million additional farmworkers, or about 1.3 million more than would be covered under the House bill.

3. *Domestic workers in private homes and others who perform work not in the course of the employer's business.*—The bill, like the House bill, would cover all domestic workers who work in nonfarm private homes and who are paid $50 in cash wages by an employer in a calendar quarter. It would delete the unnecessary and complicated requirement of present law limiting the coverage of domestic workers to those who work for a single employer on 24 days during a calendar quarter. The simplified test of coverage for domestic services in private homes provided by the bill would cover, during the course of a year, about 250,000 more household workers than does the present law. It would also afford additional coverage for from 50,000 to 100,000 workers who under present law are covered on some but not all of their domestic jobs.

Most of the domestic workers who would continue to be excluded from coverage would be students, housewives, and others who spend comparatively little time working for pay. Under the bill almost 90 percent of the persons whose major activity is domestic employment would be covered.

Persons performing other types of service not in the course of the employer's trade or business would, like domestic workers, be covered by the bill if they are paid $50 in cash wages by an employer in a calendar quarter. It is estimated that this would give coverage to about 50,000 persons. Your committee proposes this provision to improve and simplify the coverage of such services and to retain the principle, now in the present law, of applying the same coverage test for these nonbusiness services as is applied to domestic services performed in private homes. It is important to establish uniform tests for these two types of work because there are certain kinds of nonbusiness services which are not, strictly speaking, domestic service in private homes but which are difficult to distinguish from domestic service.

4. *Ministers and members of religious orders.*—Under the present law any service performed by a minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order is excluded from coverage. About 260,000 ministers and 160,000 members of religious orders are affected by this exclusion. The committee bill would permit ministers and the few members of religious orders who have not taken a vow of poverty to secure coverage by filing a certificate indicating their desire to be covered as self-employed persons. In general, a minister or a member of a religious order who has not taken a vow of poverty would have 2 years after coverage became available, or after he became a minister or a member of such religious order, in which to take advantage of this provision. An election of coverage once made would be irrevocable.

Under the House bill ministers and members of religious orders employed by a nonprofit organization (other than a member of a religious order who has taken a vow of poverty as a member of the order) could be covered if the organization filed a certificate covering them and at least two-thirds of the ministers and members of religious orders

employed by the organization signed the certificate indicating their desire for coverage. Ministerial employees who signed the certificate and those employed after coverage of the organization began would have been covered. The House-approved bill would have covered self-employed ministers on a compulsory basis.

A provision for coverage on an individual election basis, while not generally desirable, is considered by your committee to be justified in this area because of the special circumstances. Many churches have expressed the fear that their participation in the old-age and survivors insurance program as employers of ministers might interfere with the well-established principle of separation of church and state. Many church representatives also believe that individual ministers who do not wish to be covered on grounds of conscience should not be required to participate in the program.

5. *United States citizens employed outside of the United States by foreign subsidiaries of American employers.*—Under present law, United States citizens working outside of the United States for American employers are covered under old-age and survivors insurance. The bill would extend this coverage to include United States citizens working for foreign subsidiaries of American companies. These provisions would make coverage available to roughly 100,000 United States citizens working abroad for such subsidiaries.

American employers frequently find it necessary to carry on their operations in other countries through subsidiaries established under the laws of a foreign country. The United States citizens working for such subsidiaries are likely to have the same close economic and personal ties with the United States, and the same expectation of returning to the United States, as do United States citizens working abroad for American employers.

The coverage of these citizens will prevent the gaps in coverage under old-age and survivors insurance which would otherwise occur when citizens who ordinarily work in covered employment within the United States work abroad for a period for a subsidiary of an American company. Additional disadvantages also arise because workers may refuse to accept employment, realizing that their old-age and survivors insurance protection will suffer if they do so. This new coverage would eliminate these difficulties.

Because the United States cannot levy the employer tax of the old-age and survivors insurance program upon foreign subsidiaries of American employers, the United States citizens employed by these subsidiaries must be covered under special provisions which will avoid the levy of a tax on these foreign subsidiaries. Accordingly, the bill provides for the coverage of United States citizens working abroad for a foreign subsidiary of an American employer if the American employer involved makes an agreement with the Secretary of the Treasury to pay the social-security taxes for the United States citizens employed abroad by the foreign subsidiary.

In order to avoid adverse selection, the bill provides that all of the American citizens employed by a given subsidiary would have to be covered if any were covered.

The committee bill is the same as the House bill with respect to United States citizens employed by foreign subsidiaries of American employers except for minor technical amendments.

6. *Homeworkers.*—The Committee-approved bill, like the House-approved bill, would extend employee coverage to about 100,000 additional homeworkers. Homeworkers who have the status of employees under the usual common-law rules applicable in determining employer-employee relationship have been covered since 1937. In addition, under the 1950 amendments, homeworkers who do not have employee status under the usual common-law rules are covered as employees if they work according to specifications of the person for whom the work is done on materials or goods furnished by that person and required to be returned to him or his designee, if they are paid cash wages of $50 or more during a calendar quarter by a given employer, and if they are subject to State licensing laws. The bill would cover as employees those homeworkers who meet all the conditions specified in the 1950 amendments except the condition that the services be subject to licensing requirements under State law. By eliminating the licensing requirement, the bill provides employee coverage to all homeworkers who perform service under substantially the same conditions irrespective of the State in which the individual is located.

7. *Employees engaged in fishing and related activities.*—Under present law, employees engaged in the catching of fish, shellfish, and other aquatic species (except salmon and halibut), either on the shore or as officers or crew members of vessels of 10 net tons or less, are excluded from old-age and survivors insurance coverage. Under this provision the protection of the program is denied to many of the lower paid workers in the fishing industry. This gap in protection has been particularly evident since self-employed owners of fishing vessels were covered in 1951. The bill would correct this situation by covering those employee fishermen, clam diggers, etc., who are now excluded. About 50,000 additional people would be covered in the course of a year under this provision.

8. *United States citizens employed by American employers on vessels and aircraft of foreign registry.*—Since 1950 most United States citizens working outside the United States for American employers have been covered under old-age and survivors insurance. The amendments of 1950 failed, however, to make this coverage extension applicable to American ctizens employed by American employers on vessels and aircraft of foreign registry. The bill would correct this situation by covering this small group of American citizens on the same basis as other American citizens working outside the United States for American employers.

9. *Civilian employees of Federal Government.*—The House bill would have extended coverage to certain Federal employees including temporary employees in the field service of the Post Office Department, employees of district Federal home-loan banks, Tennessee Valley Authority, and others. These provisions were deleted by your committee because it was thought unwise to extend coverage to additional Federal employees and in some instances afford Federal employees overlapping benefit rights under old-age and survivors insurance as well as under another Federal retirement system. Moreover, under present law services of Federal employees that have been covered by old-age and survivors insurance are also creditable in certain circumstances under the civil-service retirement system. Your committee believes the practice of allowing dual benefits on the basis of the same service should be discontinued. The bill,

therefore, would prohibit the use of Federal service that has been credited under old-age and survivors insurance for benefit purposes under any other Federal retirement system.

IV. Average Monthly Wage

The bill changes the method for computing the average monthly wage, on which the primary insurance amount (and thus, the amount of every dependent's and survivor's benefit) is based. For individuals who qualify for benefits after the effective date of the bill, or who meet certain other conditions after that date, up to 5 years in which their earnings were lowest (or nonexistent) will be eliminated from the computation of the average monthly wage. In general, every individual who first qualified for benefits after the effective date, or who had at least 6 quarters of coverage after June 1953 (which means that the sixth quarter of coverage must be earned after September 1954), or who qualified for certain types of benefit recomputations after the effective date, could eliminate up to 4 years of lowest or no earnings from the computation. If, in addition to meeting the applicable requirements stated above, he had at least 20 quarters of coverage (acquired at any time), he could eliminate an additional low year.

This "dropout" of years of low earnings will benefit both those individuals to whom coverage is extended by this bill, and those who were covered in the past. Without such a provision, individuals first brought under coverage on January 1, 1955, would be under a severe handicap, in that all the months in the years 1951–54, during which they had no covered earnings, would be included as divisor months in the computation of their average monthly wage. Under the change proposed in the bill, as the newly covered qualify for benefits, their benefits would be based entirely on their covered earnings after 1954. After 5 years of work in covered employment, they can drop an additional year, which would be the year in which their covered earnings were lowest.

Individuals who are already covered by the program would also be able to drop the 4 or 5 years of lowest or no covered earnings whenever they occurred. Years in which their earnings were low because of short periods of sickness or unemployment would no longer reduce their average monthly wage and benefit amount. The "dropout" proposal would thus also be of material advantage to the persons who have been contributing to the program for longer periods of time.

The bill would also simplify the computation of the average monthly wage by the general use of standard first-of-the-year starting and closing dates, with computations based on calendar years, for both wage earners and self-employed persons.

V. Earnings Base

Under the provisions of the bill the maximum amount of covered earnings considered, for both tax and benefit purposes,would be raised from $3,600 to $4,200 a year, effective January 1, 1955.

The major reason for this proposal is to maintain the principle of old-age and survivors insurance that benefits should vary significantly with the individual's previous earnings. Since the benefits paid upon retirement or death are figured on the basis of the indi-

vidual's past earnings, it follows that the basic factor in the determination of benefit amounts if the level of previous earnings which can be counted. Over three-fifths of the male workers regularly covered by the program now earn more than $3,600, the maximum amount counted for benefit purposes. About half of retired men who have had their benefits based on their earnings after 1950 are getting benefits at or within $10 of the $85 maximum benefit payable under present law. The reason why their benefits do not vary more is not that their earnings have been the same but that the maximum is too low to reflect the differences in their earnings. Your committee believes that if the principle that benefits should vary with earnings is to be maintained, additional earnings above the $3,600 limit must be counted toward benefits. It follows that those who earn above that amount should receive higher benefits than those whose earnings are less.

Earnings somewhat above $3,600 do not, under present conditions, mark a man as high paid but are typical earnings in major sections of commerce and industry. Average annual full-time earnings in manufacturing industries in 1953 were about $4,000. The average for mining was about $4,400 and for transportation, almost $4,400. Skilled workers in any industry earn more than the average for the industry.

For workers who have earned maximum wages under the program, the benefit increases in the amendments of 1950 and 1952 did not quite compensate for the increases in prices which has taken place since the benefit levels were set in 1939. No recognition has been given to the substantial increase in the level of living as measured by the extent to which increases in wages have exceeded increases in prices. Under the formula provided in the 1939 law, a worker who earned maximum wages under the program and who retired now would be getting a benefit of $47.20. The increase in prices since 1939 has been such that this benefit of $47.20 would now need to be over $90 (rather than the $85 provided by present law) in order for this retired worker to buy the same level of living that was contemplated by the 1939 act. If benefits were to be increased in proportion to the increase which has occurred in wages, this benefit of $47.20 would now need to be somewhat over $110 a month. The bill would raise the benefit for the worker earning the maximum creditable wages to $108.50.

An increase in benefit amounts to compensate for the general increase in the level of earnings could be made by a revision of the benefit formula, without any increase in the wage base, but such a step would have a major disadvantage. The percentage of workers receiving benefits at or near the maximum would remain at least as high as at present, thus weakening the basic principle that benefits should vary with past earnings.

VI. Increase in Old-Age and Survivors Insurance Benefits

A. General

Improvement in benefit levels will result from extension of coverage, elimination of up to 5 years of lowest or no earnings in computing the average monthly wage, the provision to preserve the benefit rights of persons with extended total disability, and the increase in the maxi-

mum annual earnings which can be included in the computation of benefits. In addition, the bill provides for an increase in the percentage of average monthly wage yielded by the benefit formula. The level of benefits thus established will represent a more realistic floor of protection in line with current price and wage levels.

Benefit payments are increased for beneficiaries presently on the rolls as well as for those qualifying in the future. For present retired workers, monthly payments will range from $30 to $98.50, as compared with $25 to $85 under present law, with the average increase in benefit amounts being about $6. For those coming on the rolls in the future the range of benefit payments, taking into account the increased earnings base, will be from $30 to $108.50.

B. Revised benefit formula

The benefit formula provides the highest relative benefits in relation to earnings at the lowest levels of income. This is in recognition of the fact that low-income workers have less opportunity to supplement their benefits from private savings and insurance. As wages rise, the money amounts which very low-paid workers earn rise also. For this reason it becomes necessary to extend upward the level of earnings to which the first factor in the benefit formula applies. Accordingly, the bill increases from $100 to $110 the amount of average earnings to which the 55-percent factor in the present formula is applicable.

A further amendment in the formula is made by increasing the second step from 15 to 20 percent, and raising the maximum earnings to which the formula applies from $300 a month to $350 in line with the increase in the annual earnings base from $3,600 to $4,200. (See table 1 for illustrative benefits for a retired worker under this bill as compared with present law.) A higher percentage of the upper earnings must be provided to maintain the relative protection the average earner can expect to obtain from benefits under the old-age and survivors insurance system. At the same time, higher paid workers can be expected to make more adequate supplementary provision for themselves and their families than can the lowest paid. Under the revised formula, benefits for a retired worker (without dependents) with average earnings of $350 a month will represent only 31 percent of his earnings as compared to 55 percent for a worker in the very lowest group.

Finally, it may be noted that previous legislation has increased the lower step of the formula twice, but the upper step only once. Under the 1939 law, the benefit formula was 40 percent of the first $50 of average earnings plus 10 percent of the next $200. In 1950 the formula was amended to provide 50 percent of the first $100 plus 15 percent of the next $200. The 1952 amendments increased the first step to 55 percent, but made no change in the second step.

The revised formula, which will be applicable to average earnings computed over the period since 1950, will apply for most workers coming on the rolls in the future. Where, however, the individual's benefit would be larger if computed through the conversion table (described hereafter) which will be used to raise the benefits of persons now on the rolls, he will receive the larger amount.

TABLE 1.—*Illustrative monthly benefits for retired workers*

ASSUMING LEVEL EARNINGS

Average monthly wage		Present law		Bill	
On basis of present law	With dropout as provided in bill	Single	Married [1]	Single	Married [1]
$50	$50	$27.50	[2] $41.30	[3] $32.50	[3] $48.80
$100	100	55.00	[4] 80.00	[3] 60.00	[3] 90.00
$150	150	62.50	93.80	68.50	102.80
$200	200	70.00	105.00	78.50	117.80
$250	250	77.50	116.30	98.50	132.80
$300	300	85.00	127.50	98.50	147.80
$350	250	[5]	[5]	108.50	162.80
ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROPOUT PROVIDED IN BILL [6]					
$50	$70	$27.50	[2] $41.30	$38.50	[7] $57.80
$100	120	55.00	[4] 80.00	62.50	93.80
$150	170	62.50	93.80	72.50	108.80
$200	220	70.00	105.00	82.50	123.80
$250	270	77.50	116.30	92.50	138.80
$300	310	85.00	127.50	100.50	150.80
$350	350	[5]	[5]	108.50	162.80

[1] With wife aged 65 or over.
[2] Application of 80 percent maximum may not reduce benefits below $45.
[3] These amounts produced by the 1952 benefit formula and conversion table; with level average monthly wage amounts below $130, amounts are higher if the conversion table used.
[4] Reduced to 80 percent of average wage.
[5] Present law includes earnings only up to $300 a month.
[6] These assumed increases in earnings arising from the dropout provisions in regard to computation of average wage are merely illustrative. Actually the dropout will produce varying results which may be lower or higher than those shown.
[7] Application of 80 percent maximum may not reduce benefits below 1½ times primary insurance amount.

C. Increase for present beneficiaries

The bill provides increases in benefits for the 6.5 million present beneficiaries under the system. In thus making benefit increases effective for those already on the rolls, the bill follows the precedent of the 1950 and 1952 amendments. The purpose of helping beneficiaries to meet their current living needs through their benefit payments is served only if the value of the benefits being paid is kept adjusted to changes in economic conditions.

The increase in old-age insurance benefits (or primary insurance amounts on which dependents and survivors benefits are based) is accomplished through a conversion table establishing a new higher amount for each primary insurance amount under present law (see table 2). In effect the new amounts are derived by applying the new formula to the average monthly wage on which the present benefit is based, except where application of the formula yields an increase in benefits of less than $5 over present law. In such cases, an increase to $5 will be made, thus assuring a minimum increase of this amount in all present old-age insurance benefits. The minimum benefit will be $30 and the maximum $98.50. This maximum is consistent with the maximum average wage of $300 which can be computed under present law.

TABLE 2.—*Summary of conversion table for computing new monthly benefits for those now on the roll*

Present primary insurance amount	*New primary insurance amount*
$25.00	$30.00
30.00	35.00
40.00	45.00
50.00	55.00
60.00	65.10
70.00	78.50
80.00	91.90
85.00	98.50

The conversion table will also be applicable in certain cases for workers coming on the rolls in the future. These will include any workers who are not eligible for dropping out low years from the computation of their average monthly wage, as well as workers who do not have their benefits increased by at least $5 (over what present formula would provide) by use of the dropout and the new benefit formula. This alternative will produce a larger benefit in cases where dropping out the low years does not produce a significant increase in the average wage and the wage is at the relatively low level where the new formula does not in itself increase benefits by as much as $5. As another alternative, in those cases—relatively few in number—where a worker eligible for the dropout would get a higher benefit on the basis of average earnings computed over the period since 1936, the low 4 or 5 years will be dropped from the computation based on the modified 1939 act formula and the conversion table applied.

D. Family benefits

Dependents' and survivors' monthly benefits will be increased automatically with the increase in primary insurance amounts, since they are computed as percentages of the primary insurance amount. The bill further provides that the maximum amount of benefits that may be paid on an individual's record shall be raised from $168.75 to $200 per month.

The present provision that family benefits may not exceed 80 percent of the average monthly wage on which they are based is retained. The bill provides, however, that in no case shall application of the 80-percent maximum reduce total family benefits below the larger of 1½ times the primary insurance amount or $50. In this way the benefits for a retired worker and wife, as well as for any two survivor beneficiaries will always be payable in their full proportions. Under present law there are cases, for example, where application of the 80-percent maximum prevents a wife from getting the full one-half of the husband's benefit amount. The new provision replaces the present stipulation that family benefits may not be reduced below $45 by the 80-percent maximum provision.

Finally, the bill provides that the minimum amount payable where only one survivor beneficiary is drawing payments on an individual's record shall be $30 a month, the same as the minimum old-age insurance benefit. This amount will thus become the minimum payment for any single surviving widow, widower, child, or parent, instead of a proportion of the minimum primary amount as provided under present law. Your committee believes it reasonable that the

minimum payment on any individual's record be $30, regardless of whether it is his own benefit or that for a survivor. See table 3 for illustrative survivor benefits under the bill as contrasted with those under present law.

E. Lump-sum death payment

The bill retains the present provision that the lump-sum death payment be computed as three times the primary insurance amount.

No provision is made to further limit the amount to the present maximum of $255, as was specified by the House bill. The maximum of three times the primary insurance amount in itself restricts the lump sum to a reasonably modest amount, consistent with the objective of helping to meet the special expenses connected with a worker's last illness and death. A further restriction does not appear warranted, particularly since in some cases, the lump sum represents the only payment made on the individual's record. Under the committee bill the maximum lump-sum death benefit could under no circumstances exceed $325.50.

TABLE 3.—*Illustrative monthly benefits for survivors of insured workers*

ASSUMING LEVEL EARNINGS

Average monthly wage		Aged widow or widower [1]		Widow and 1 child [2]		Widow and 2 children		Widow and 3 children	
On basis of present law	With dropout as provided in bill	Present law	Bill	Present law	Bill	Present law	Bill	Present law	Bill
$50	$50	$20.70	[3] $30.00	[4] $41.30	[5] [6] $48.00	[4] $45.00	[5] $50.00	[4] $45.00	[5] $50.00
$100	100	41.30	[6] 45.00	[7] 80.00	[8] [6] 90.00	[7] 80.00	[8] [6] 90.00	[7] 80.00	[8] [6] 90.00
$150	150	46.90	51.40	93.80	102.80	[7] 120.00	[7] 120.00	[7] 120.00	[7] 120.00
$200	200	52.50	58.90	105.00	117.80	140.00	157.00	[7] 160.00	[7] 160.00
$250	250	58.20	66.40	116.30	132.80	155.00	177.00	[9] 168.80	[9] 200.00
$300	300	63.80	73.90	127.50	147.80	[9] 168.80	197.00	[9] 168.80	[9] 200.00
$350	350	([10])	81.40	([10])	162.80	([10])	[9] 200.00	([10])	[9] 200.00

ASSUMING SPECIFIED INCREASE IN EARNINGS ARISING FROM DROPOUT PROVIDED IN BILL [11]

$50	$70	$20.70	[3] $30.00	[4] $41.30	[8] $57.80	[4] $45.00	[8] $57.80	[4] $45.00	[8] $57.80
$100	120	41.30	46.90	[7] 80.00	93.80	[7] 80.00	[7] 96.00	[7] 80.00	[7] 96.00
$150	170	46.90	54.40	93.80	108.80	[7] 120.00	[7] 136.00	[7] 120.00	[7] 136.00
$200	220	52.50	61.90	105.00	123.80	140.00	165.00	[7] 160.00	[7] 176.00
$250	270	58.20	69.40	116.30	138.80	155.00	185.00	[9] 168.80	[9] 200.00
$300	310	63.80	75.40	127.50	150.80	[9] 168.80	[9] 200.00	[9] 168.80	[9] 200.00
$350	350	([10])	81.40	([10])	162.80	([10])	[9] 200.00	([10])	[9] 200.00

[1] Also single surviving parent or child.
[2] Also 2 aged parents.
[3] Application of $30 minimum family benefit.
[4] Application of 80 percent maximum may not reduce benefits below $45.
[5] Application of 80 percent maximum may not reduce benefits below $50.
[6] These amounts produced by the 1952 benefit formula and the conversion table; with level average monthly wage amounts below $130, the benefit is higher if the conversion table is used.
[7] Reduced to 80 percent of average wage.
[8] Application of 80 percent maximum may not reduce benefits below 1½ times primary insurance amount.
[9] Dollar maximum on benefits.
[10] Maximum average wage under present law is $300.
[11] These assumed increases in earnings arising from the dropout provisions in regard to computation of average wage are merely illustrative. Actually, the dropout will produce varying results which may be lower or higher than those shown.

VII. Improvement of the Retirement Test

Monthly benefits under the old-age and survivors insurance system are paid upon the retirement or death of the family earner. Consequently, the law provides that benefits are not payable to persons otherwise eligible for benefits if they have substantial employment or self-employment earnings, as determined under the retirement test set out in the act.

Your committee seeks to maintain this principle, but has determined that certain amendments should be made to increase the equity of the retirement test and to afford greater opportunities to retired individuals to supplement their benefits through earnings from part-time or intermittent work.

A. Age where retirement test does not apply reduced from age 75 to 72

Under present law, persons age 75 and over are exempted from the retirement test primarily as a means of assuring some return on contributions for people who continue working to a very advanced age and who would otherwise draw very little, if any, payment under the system. The committee bill would lower the exempt age from 75 to 72. The House bill would make no change in present law in this respect.

B. Establishment of uniform annual test for wage earners and self-employed persons

Two separate tests of earnings are provided under present law, applicable to beneficiaries under age 75. Wage earners are subject to an "all or none" monthly test under which benefits for the individual and for any dependents drawing benefits on his record are withheld for any month in which he earns covered wages of more than $75. The present test for self-employed persons is on an annual basis under which 1 month's benefit is withheld for each $75 (or fraction thereof) of self-employment earnings in excess of $900 in a year, except that no benefit is withheld for any month in which the self-employed person did not render substantial services in his trade or business.

Under the bill, the test is put on an annual basis for both wages and self-employment earnings, and the two types of income are combined for purposes of determining the individual's total earnings. The bill also provides an increase in the amount of earnings which individuals may have without loss of benefits. The annual exempt amount is set at $1,200, rather than $1,000 as provided by the House bill. In view of today's earnings levels, your committee believes that the more liberal amount is justified. One month's benefit would be withheld for each $80 or fraction thereof in excess of $1,200, but no benefit would be suspended for any month in which the individual neither earned wages of more than $80 nor rendered substantial services as a self-employed person in his trade or business.

Under the new test, wage earners will not lose a benefit each month they earn above a specified amount but will be able to take intermittent full-time work or more regular part-time work then at present without the loss of benefits or with the loss of only a few months' benefits, depending on what they earn. For example, a beneficiary could work throughout the year at $110 a month and lose only 2 months' benefits, whereas under present law he would lose all 12.

As another example, a beneficiary could earn $300 a month working full time for 3 months without losing any benefits, whereas under present law he would lose 3 months' benefits.

The combination of wage and self-employment earnings for retirement test purposes will eliminate the possibility which arises under the dual test now in the law that individuals having both types of earnings receive the advantage of the exempt amount on each.

Your committee has not included the House-approved provision which would extend the retirement test to earnings in noncovered work. Your committee believes that such extension would be administratively practicable only if employment coverage is made substantially universal.

C. Extension of retirement test to employment outside the United States

The retirement test under the bill would continue to apply to covered earnings outside the United States in the same way as in this country. In addition, a test is established for employment in noncovered work outside the United States.

No specific earnings amount could possibly differentiate between full-time and part-time work in all countries where beneficiaries might be working. For this reason a different type of test is provided. Under this test benefits would be withheld for any month in which a beneficiary under age 72 engages in noncovered remunerative activity (either employment or self-employment) outside the United States on 7 or more different calendar days. For administrative reasons, a monthly test, rather than an annual test is recommended.

VIII. Insured Status

The Social Security Act Amendments of 1950 greatly liberalized the the requirements for insured status by granting a "new start" whereby an individual was fully insured if he had quarters of coverage (acquired at any time) equal in number to half the calendar quarters elapsing after 1950 (rather than 1936). Your committee believes that it is unnecessary, in this bill, to provide for another "new start" in the requirements for insured status. Successive "new starts," reducing the insured status requirements to the minimum of 6 quarters of coverage, tend to weaken the principle that benefits should be payable only on the basis of a substantial degree of attachment to employment covered by the system.

There is, however, good reason to grant a temporary liberalization to benefit those newly covered workers who, although they are continuously engaged in covered work after 1954, die or retire before they can meet the requirements for insured status in present law. For this reason, the bill provides that an individual is deemed to be fully insured at the time of his death or attainment of age 65, whichever is earlier, if all of the quarters elapsing after 1954 and up to that time are quarters of coverage, provided that at least 6 of the quarters after 1954 are quarters of coverage. This provision ceases to be applicable in the case of those reaching age 65 or dying after the third quarter of 1958. Any newly covered individual who worked continuously in covered employment after 1954 and up to the fourth quarter of that year would meet the requirements of present law with regard to fully insured status.

IX. Preservation of Benefit Rights for Disabled

A. Need for disability freeze

Under present law old-age and survivors insurance rights are impaired or may be lost entirely when workers have periods of total disability before reaching retirement age. Unless the worker is already permanently insured when he becomes disabled, he may have lost his fully insured status when he reaches retirement age because the entire period of his disability is included in the elapsed time which is the basis for determining his insured status. When benefit amounts are computed under present law, whether for retirement benefits or survivors benefits, his total earnings after a specified starting date and up to age 65 or death are divided by the total elapsed time, including any periods of total disability, in determining his average monthly wage, on which monthly benefits are based. A freeze of old-age and survivors insurance status during extended total disability would remove this disadvantage by preventing such periods of disability from reducing or denying retirement and survivors benefits. In addition there is available to the disabled individual the 4- or 5-year dropout period provided by this bill for all persons.

Such a freeze provision is analogous to the "waiver of premium" commonly used in life insurance and endowment annuity policies to maintain the protection of these policies for the duration of the policyholder's disability. About 200 life-insurance companies (many of the largest) operating in the United States offer a "waiver of premium" clause to individuals purchasing ordinary life insurance. It has been estimated that about half of the standard ordinary life insurance issued currently is protected through "waiver of premium" in the event of the disability of the insured.

B. Emphasis on rehabilitation

Your committee recognizes the great advances in rehabilitation techniques made in recent years and appreciates the importance of rehabilitation efforts on behalf of disabled persons. It is a well-recognized truth that prompt referral of disabled persons for appropriate vocational rehabilitation services increases the effectiveness of such services and enhances the probability of success. The bill is framed to carry out your committee's objective that disabled individuals applying for disability determinations be promptly referred to State vocational rehabilitation agencies, to the end that as many disabled individuals as possible may be restored to gainful work.

C. Earnings requirements

The earnings requirements which must be met to qualify for the freeze are intended to limit the application of this provision to individuals who have had a reasonably long, as well as recent, record of covered earnings. They operate to screen out those who have not established a reasonably substantial attachment to the labor force and those who have voluntarily retired from gainful activity, and have not been compelled to leave the labor force by reason of their disability.

D. Definition of disability

Only those individuals who are totally disabled by illness, injury, or other physical or mental impairment which can be expected to be

of long-continued and indefinite duration may qualify for the freeze. The impairment must be medically determinable and preclude the individual from performing any substantial gainful work. An individual would also be disabled, by definition, if he is blind within the meaning of that term as used in the bill. A person who does not meet the statutory definition but who nevertheless has a severe visual impairment would be in the same position as all other disabled persons, that is, he may qualify for a period of disability under the general definition of disability if he is unable to engage in any substantial gainful activity by reason of his impairment.

There are two aspects of disability evaluation: (1) There must be a medically determinable impairment of serious proportions which is expected to be of long-continued and indefinite duration or to result in death, and (2) there must be a present inability to engage in substantial gainful work by reason of such impairment (recognizing, of course, that efforts toward rehabilitation will not be considered to interrupt a period of disability until the restoration of the individual to gainful activity is an accomplished fact). The physical or mental impairment must be of a nature and degree of severity sufficient to justify its consideration as the cause of failure to obtain any substantial gainful work. Standards for evaluating the severity of disabling conditions will be worked out in consultation with the State agencies. They will reflect the requirement that the individual be disabled not only for his usual work but also for any type of substantial gainful activity.

Disability must have lasted for 6 months before it may be considered. This provision is intended to exclude from consideration temporary conditions which terminate within 6 months.

In prescribing that the freeze apply only in the case of impairments "which can be expected to be of long-continued and indefinite duration" your committee seeks to assure that only long-lasting impairments are covered. This provision is not inconsistent with efforts toward rehabilitation since it refers only to the duration of the impairment and does not require a prediction of continued inability to work. An individual would not meet the definition of "disability" if he can, by reasonable effort and with safety to himself, achieve recovery or substantial reduction of the symptoms of his condition.

E. Determinations of disability

By and large, determinations of disability will be made by State agencies, administering plans approved under the Vocational Rehabilitation Act. This would serve the dual purpose of encouraging rehabilitation contacts by disabled persons and would offer the advantages of the medical and vocational case development undertaken routinely by the rehabilitation agencies. These agencies have well-established relationships with the medical profession and would remove the major load of case development from the Department.

By agreement, the State agencies will apply the standards developed for evaluating severity of impairments for purposes of the freeze. This will promote equal treatment of all disabled individuals under the old-age and survivors insurance system in all States. The cost to these agencies for their services in making disability determinations will be met out of the trust fund.

In the relatively few cases where there may be no agreement with a State or there is delay in obtaining agreement, disability determinations will be made by the Department of Health, Education, and Welfare. Such determinations will also be made in certain types or classes of cases, which, because of their characteristics or their volume (e. g., the backlog), are excluded from the agreement at the State's request.

F. Effective dates

January 1, 1955, has been specified as the earliest date a disability freeze application can be accepted in order to give the Department of Health, Education, and Welfare time to prepare its forms and procedures and negotiate necessary agreements with State agencies. An individual who files a freeze application before July 1, 1955, must, however, be alive on July 1, 1955, in order to get a period of disability.

Until July 1, 1957, a disability "freeze" application could establish a period of disability beginning on the earliest date the individual was disabled and met the covered work requirements described above. This means that an individual who was disabled as early as the fourth quarter of 1941 could have had sufficient qualifying earnings and could establish a period of disability provided he was continuously disabled and filed a disability freeze application before July 1, 1957. Despite the administrative difficulties created, your committee believes that the large number of persons who have been totally disabled for the years before the enactment of this provision should be included in the group receiving the advantages of the freeze provision, but only for periods of disability continuing to the date of application.

Benefit increases for disabled individuals already on the benefit rolls would be payable beginning July 1955. Newly entitled persons would be able to have their benefits computed with the exclusion of a period of disability, beginning with the month of July 1955. Survivors of workers who died after having qualified for a period of disability would receive increased benefits.

X. Miscellaneous Provisions

A. Recomputation because of continued work after entitlement

The bill changes the provisions under which an individual's primary insurance amount may be recomputed because of continued covered employment after his entitlement to old-age insurance benefits.

The present requirement is that an individual have 6 quarters of coverage after 1950, and must have lost at least 12 of his monthly benefits because of work in covered employment within a 36-month period since the last previous effective computation or recomputation of his benefit amount. This provision served to avoid frequent requests for recomputation of the benefit amount where little or no increase in the benefit rate would result.

In view of the increase in the amount of earnings exempted under the retirement test by the bill, retention of the requirement for 12 months' benefit suspensions would frequently prevent recomputations for individuals who should be able to obtain them. Your committee believes, therefore, that it is necessary to revise the condition determining when an individual may have his benefit recomputed because of additional earnings. Under the proposed change an individual

may qualify for the recomputation if he has been credited with covered wages and self-employment income of more than $1,200 in a completed calendar year after 1953 and after the year in which the individual's benefit was last computed or recomputed. As under present law, the requirement that the individual have at least six quarters of coverage after 1950 will be retained.

The changed provision is similar to that in the House bill; however, earnings of more than $1,200 are required instead of $1,000 or more, conforming to the change in the annual exempt amount under the retirement test made by the committee bill.

The recommended provision will remove certain present restrictions on the recomputation of benefit amounts of persons who have reached the age at which they are exempt from the retirement test. Such individuals even though continuing to work in covered employment for substantial earnings, cannot now meet the requirement for the recomputation because their benefits are not suspended because of such work.

Three provisions included in the House-approved bill with respect to payment of benefits to persons residing abroad, persons with periods of illegal residence, and persons who are deported from the United States are omitted from the committee-approved bill.

B. Residence requirements

The House-approved bill would have prohibited the payment of dependents' and survivors' benefits to individuals residing outside the United States, unless such individuals met certain requirements as to prior residence in the United States or unless special insured status requirements were met by the worker on whose record the benefits are payable. Your committee does not believe the place of residence of the dependents or survivors of an insured worker should result in their losing protection to which they are otherwise entitled as a result of contributions paid by the insured worker.

The House-approved bill would have required that earnings during periods of unlawful residence be disregarded in the determination of an individual's insured status or benefit amounts. This amendment would have involved a large administrative burden with very little result since many of the persons who are illegally present in this country are migrant agricultural workers who are unlikely to work long enough in covered employment to acquire eligibility for benefits.

The House-approved bill would have required that no monthly benefits be paid on the basis of the wages and self-employment income of an individual who has been deported for specified causes. Your committee has not had an opportunity to give sufficient study to all the possible implications of this provision, which involves termination of benefit rights under the contributory program of old-age and survivors insurance, and has therefore deleted this provision from the bill.

XI. Actuarial Cost Estimates for Old-Age and Survivors Insurance System

A. Financing policy

The Congress very carefully considered the problem of cost in determining the benefit provisions of both the 1950 and 1952 acts. The belief was expressed in the committee reports that the old-age and

survivors insurance program should be on a completely self-supporting basis from contributions of covered individuals and employers. Accordingly, the law under those acts contained a tax schedule which it was believed would, under a level-wage assumption, make the system self-supporting as nearly as could be foreseen under circumstances then existing. Under the 1952 act the program's actuarial balance was estimated to remain virtually the same as in the estimates made at the time the 1950 act was enacted; this was the case because of the rise in earnings levels in the 3 years preceding the enactment of the 1952 act, which rise was taken into account in the estimates for the 1952 act. It was recognized that future experience may be expected to differ from the conditions assumed in the estimates so that any tax schedule, at least in the distant future, might have to be modified.

Subsequent to the enactment of the 1952 act, new cost estimates were developed to take into account the considerable change in economic conditions during the last few years and the additional actuarial and statistical data available from the program's operations and from the 1950 census. According to these new estimates (contained in Actuarial Study No. 36 of the Social Security Administration, Department of Health, Education, and Welfare) the level-premium cost of the benefit disbursements and administrative expenses under the 1952 amendments is somewhat more than one-half percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

This lack of sufficiency is of long-range importance. It will be appreciated, however, that whether this eventuates will depend upon whether the assumptions made are realized in the future experience. It would not seem necessary to make any immediate legislative changes in the contribution schedule merely because an "insufficiency" shows up as a result of new cost estimates. This is particularly the case when such insufficiency is relatively small and when such new cost estimates involve a change in actuarial assumptions as to future experience. On the other hand, a situation involving an insufficiency should very likely require some legislative action if it were borne out over subsequent actuarial cost estimates. In the meantime, it would seem that any proposed legislative changes as to benefits, coverage, etc., could be considered to be proper from a cost standpoint if for the proposed plan the resulting "actuarial insufficiency" were the same or substantially the same as for the existing law—provided that the insufficiency remains relatively small.

The net effect of the benefit changes your committee has recommended in the present program, some of which would increase long-range costs and some of which would decrease them, is an increase in the long-range cost of the program by slightly over 1 percent of covered payroll. To counterbalance this, we have recommended increases in the long-range contribution schedule—in 1970 and thereafter—which are about equivalent to the increased benefit cost of 1 percent of payroll.

Your committee recognizes that future cost estimates, particularly if earnings continue to rise, may indicate that a lower schedule of contribution rates will provide for a self-supporting system than would appear necessary under the latest cost estimates. Nevertheless, we believe that the long-range schedule of old-age and survivors insurance contributions should be adjusted so as to meet the additional costs

of the changes now proposed. On the other hand, we believe that there is no necessity now to attempt to cover fully, or even partially, the deficiency which the new estimates indicate in the financing of the present program. With this in mind we have adopted the schedule of rates in the House-approved bill under which the rate on employer and employee in 1970 be raised from 3¼ to 3½ percent, and that in 1975 and thereafter the rate be increased to 4 percent, with corresponding changes for the self-employed.

B. Basic assumptions for cost estimates

Estimates of the future cost of the old-age and survivors insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable. Because of numerous factors, such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement program benefit payments may be expected to increase continuously for at least the next 50 to 75 years.

The cost estimates for the committee-approved bill are presented first on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors. Both the low-cost and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1951–52, or somewhat below current experience. Following the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low-cost and high-cost estimates (by averaging them) are shown so as to indicate a basis for financing provisions.

In general, the costs are shown as a percentage of covered payroll. It is believed that this is the best measure of the financial cost of the program. Dollar figures taken alone are misleading because, for example, extension of coverage generally increases not only the outgo of the system but also to a greater extent its income, with the result that the cost relative to payroll decreases.

The low-cost and high-cost assumptions relate to the cost as a percentage of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, and so forth.

The cost estimates have been prepared on the basis of the same assumptions and techniques as those contained in the estimates of the Social Security Administration's Actuarial Study No. 36 (relating to present law) and Actuarial Study No. 38 (relating to H. R. 7199) and in the cost estimates for the House-approved bill (H. Rept. 1698, pp. 26–35).

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity. This rate is determined by taking the present values, at interest, of future income and outgo of the system. It is assumed that benefit payments and taxable payrolls remain level after the year 2050—actually benefits as a percentage of payroll are virtually constant after about 2020. If such a level contribution rate were adopted, relatively large accumulations in the trust fund would result, and in consequence there would also be sizable eventual income from interest. Even though such a method of financing is not followed, this rate may

nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred load.

The estimates are based on level-earnings assumptions (slightly below the present level). If in the future the earnings level should be considerably above that now prevailing, and if the benefits for those on the roll are at sometime adjusted upward so that the annual cost relative to payroll will remain the same, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used, along with the assumption that the benefits nevertheless would not be changed, the cost relative to payroll would, of course, be lower. Under such circumstances, any cost deficiency currently estimated would tend to be met by this reduction in cost.

If benefits are adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. However, in such case this would not be true as to the level-premium cost which would be higher, since under such circumstances the relative value of the interest earnings of the trust fund would gradually diminish with the passage of time. If earnings do consistently rise, and if benefits are adjusted upward, thorough consideration will need to be given to the financing basis of the system because then the interest earnings on the trust fund will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

Financial interchange provisions with the railroad retirement system are, under present law, in effect such that the old-age and survivors insurance trust fund is to be placed in the same financial position as if railroad employment had always been covered under the old-age and survivors insurance program. It is estimated that the net effect of these provisions will, over the long-range future, be a relatively small net gain to the old-age and survivors insurance system since the reimbursements from the railroad retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings. The long-range costs developed here are for the operation of the trust fund on the basis, as provided in current law in respect to financing provisions, that all railroad employment is covered employment (beginning with 1937).

The contribution income and benefit disbursement figures shown in the subsequent tables are slightly higher (by less than 5 percent) than the payments made directly to the trust fund by contributors and the payments made directly from the trust fund to the individual beneficiaries. This is the case because such figures include both the additional contributions which would have been collected and the additional benefits that would have been paid if railroad employment had always been directly covered by old-age and survivors insurance, rather than merely indirectly for financing purposes. The balance for these two elements is to be accounted for in actual practice by the operation of the financial interchange provisions. The balance in the fund thus corresponds exactly to the actual situation.

C. Results of cost estimates on range basis

Table 4 presents costs as a percentage of payroll for each of the various types of benefits. The level-premium cost for the benefits provided in the committee-approved bill, on the basis of 2¼ percent interest, is roughly 6¾ to 8¾ percent of payroll, while at 2½ percent interest the corresponding figures are 6⅞ percent and 8½ percent, respectively.

Table 5 presents the estimated operations of the trust fund under the committee-approved bill on the basis of a 2.4 percent interest rate, which is the interest rate used as the appropriate single rate in the previously mentioned preceding estimates. For the past year, up unitl July 1954, this was the rate currently being earned. As of the present time the rate is only 2.3 percent since the special issues in the trust fund, constituting almost 90 percent of total investments, now bear a rate of 2¼ percent as against 2⅜ percent in the fiscal year ending June 30, 1954. For the sake of consistency, the 2.4 percent rate has continued to be used for the trust fund calculations.

Under the low-cost estimate, the trust fund builds up quite rapidly and even some 50 years hence is growing at a rate of about $4 billion per year and at that time is about $100 billion in magnitude. In fact, under this estimate, benefit disbursements do not exceed contribution income during the next 60 years, and even in the year 2000 are about 5 percent smaller.

On the other hand, under the high-cost estimate the trust fund builds up to a maximum of about $22 billion in the next 5 years, but decreases thereafter until it is exhausted in the year 1992. Benefit disbursements exceed contribution income during 1957–69, and again in 1973–74 and after 1978. Accordingly, the trust fund remains more or less stable at about $22 billion during 1955–62 (since interest income offsets the excess of disbursements over contribution income).

Although there is a wide spread in the ultimate estimated trust fund, the range of the estimates offers a reasonable guide to action on the part of your committee. The trust fund, it will be remembered, is a cumulative item and thus tends over the course of years to move relatively rapidly in one direction or the other under the necessary assumption that the provisions of the law remain unchanged despite the experience developing as either "low cost" or "high cost." From table 4, it will be noted that the cost as a percentage of payroll—the best measure of cost—has a range from the low-cost estimate to the high-cost one of only about 10 percent relatively in the early years of operation and about 50 percent ultimately.

These results as to the progress of the trust fund under the two estimates are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting. Accordingly, in most instances a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would eventually arise. In actual practice, under the philosophy in the 1950 and 1952 acts as set forth in the committee reports therefor, assuming no change in benefit provisions, the tax schedule would be adjusted in future years so that neither of the developments of the trust fund shown in table 5 would ever eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward, or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed

the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate in table 5 does indicate that under the tax schedule adopted, there would be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience. In any event, if a deficiency arises in the financing of the system some years hence, or if subsequent experience and actuarial estimates indicate the imminence of a deficiency, your committee believes that this can readily and safely be handled by a future Congress when the occasion arises.

D. Results of intermediate-cost estimate

This section will present the intermediate-cost estimate, developed from the low-cost and high-cost estimates of this report, by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). This intermediate-cost estimate may not represent the most probable estimate; it is impossible to develop any such figures. Rather, the intermediate-cost estimate has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 and 1952 acts, was of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis. This belief is reiterated in this report. Your committee, however, does not believe that it is necessary at this time to provide for an exact, or even approximate, long-range balance of income and disbursements based on actuarial cost estimates which necessarily cannot be exact predictions. A single estimate is valuable in considering how closely the long-range balance may approximate exact mathematical self-support.

The tax schedule in the 1950 act (left unchanged in the 1952 act) and that in both the House-approved and committee-approved bills are as follows:

Calendar year	1950 act			Committee-approved bill		
	Employee	Employer	Self-employed	Employee	Employer	Self-employed
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1951–53	1½	1½	2¼	1½	1½	2¼
1954–59	2	2	3	2	2	3
1960–64	2½	2½	3¾	2½	2½	3¾
1965–69	3	3	4½	3	3	4½
1970–74	3¼	3¼	4⅞	3½	3½	5¼
1975 and after	3¼	3¼	4⅞	4	4	6

Table 6 gives an estimate of the level-premium cost of both the House-approved bill and the committee-approved bill tracing through the increase in cost over the present act according to the major changes proposed.

[In percent]

Level-premium equivalent	Present law	House-approved bill	Committee-approved bill
Benefit costs [1]	6.62	7.34	7.65
Contributions	6.05	7.12	7.12
Net difference	.57	.22	.53

[1] Including adjustments (*a*) to reflect lower contribution rate for self-employed compared with employer-employee rate, (*b*) for existing trust fund, and (*c*) for administrative expenses.

The 1½-percent increase in the ultimate combined employer-employee rate in the committee-approved bill (and also in the House-approved bill) represents an equivalent level increase of slightly over 1 percent. This higher amount meets the increased cost of the benefits of the committee-approved bill, although it does not appreciably reduce the currently estimated actuarial deficiency of the present system.

Table 7 shows the year-by-year cost of the benefit payments according to the intermediate-cost estimate for the present act and for the House-approved and committee-approved bills. These figures are based on a future level-earnings assumption and do not consider business cycles (booms and depressions), which over a long period of years tend to average out. The benefit disbursements under the committee-approved bill for 1955 are estimated at about $4.8 billion, with a range of $4.5 to $5.0 billion (as contrasted with contribution income of about $5.9 billion). The dollar amount of the increased cost in 1955 of the committee-approved bill over the present act is about $700 million. The cost as a percentage of payroll is about the same because of the higher payroll in the bill due to the extended coverage. The dollar amount of the increased benefit cost in 1955 for the committee-approved bill as compared with the House-approved bill is about $150 million. In subsequent years, the benefit cost of the committee-approved bill as a percentage of payroll increasingly exceeds the cost of present law, with such excess being about 1 percent after 1970.

Table 8 presents the costs of the benefits under the bill as a percentage of payroll for each of the various types of benefits and is comparable with table 4 of the previous section.

Table 9 shows the estimated operation of the trust fund under the committee-approved bill according to the intermediate-cost estimate (using a 2.4 percent interest rate) and is comparable with table 5 of the previous section. According to this estimate, contribution income generally exceeds benefit disbursements for the next 25 to 30 years, although in 1958–59, 1962–64, and 1968–69 (the years preceding the next three scheduled increases in the contribution rates), there is an excess of benefit outgo over contribution income. This difference is in most instances more than counterbalanced by interest income so that the fund is estimated to grow more or less steadily until reaching a maximum of $53 billion in 1988 and then to decrease. During the next decade, according to this estimate the fund levels off at about $24 billion in 1957–59, increases slightly in 1960–61 (when the next increase in the contribution schedule is effective), and then is again relatively level at somewhat over $25 billion in 1961–64. The decline in the long-distant future indicates that under the committee-approved bill the proposed tax schedule is not self-supporting under the intermediate-cost estimate with a level-earnings assumption, but as indicated previously, the intermediate-cost estimate may not represent the most probable estimate of what future experience will be. Your committee believes that any lack of self-support or any deficiency showing up in the long-distant future can be acted upon by subsequent Congresses.

TABLE 4.—*Estimated benefit payments as percent of taxable payroll for committee-approved bill, by type of benefit*

ACTUAL DATA [1]

[In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze [3]	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's			
1951	0.99	0.15	0.14	0.01	0.07	0.24	0.05	----	1.65
1952	1.11	.17	.16	.01	.08	.26	.05	----	1.83
1953	1.50	.22	.20	.01	.09	.30	.07	----	2.39
LOW-COST ASSUMPTIONS									
1960	2.74	0.35	0.55	0.01	0.17	0.43	0.11	0.04	4.40
1970	3.60	.40	.99	.01	.17	.40	.13	.06	5.74
1980	4.56	.43	1.23	.01	.16	.37	.14	.07	6.97
1990	5.17	.43	1.31	.01	.15	.36	.15	.08	7.66
2000	4.98	.41	1.22	.01	.15	.35	.15	.07	7.34
2020	5.66	.45	1.17	.01	.14	.35	.15	.08	8.02
Level premium: [4]									
2¼ percent interest	4.56	.42	1.07	.01	.15	.36	.14	.07	6.77
2½ percent interest	4.46	.42	1.05	.01	.15	.36	.14	.06	6.65
HIGH-COST ASSUMPTIONS									
1960	3.20	0.40	0.58	0.01	0.20	0.44	0.11	0.05	4.99
1970	4.23	.46	1.05	.02	.20	.39	.13	.06	6.54
1980	5.45	.48	1.32	.02	.18	.35	.14	.08	8.03
1990	6.67	.49	1.42	.02	.17	.33	.16	.09	9.35
2000	6.97	.50	1.35	.02	.16	.30	.16	.09	9.54
2020	9.33	.65	1.49	.02	.15	.30	.20	.12	12.26
Level-premium: [4]									
2¼-percent interest	6.25	.52	1.22	.02	.17	.33	.16	.08	8.75
2½-percent interest	6.03	.51	1.19	.02	.17	.34	.15	.08	8.49

[1] Excluding effect of railroad coverage under financial interchange provisions.

[2] Included are excesses of wife's and widow's benefits over old-age benefits for female old-age beneficiaries also eligible for wife's and widow's benefits. Also includes husband's and widower's benefits, respectively.

[3] The cost of the "disability freeze" is here shown separately, although in actual practice it is spread among the various types of benefits.

[4] Level-premium contribution rate for benefit payments after 1952 and in perpetuity, not taking into account (*a*) lower contribution rate for self-employed compared with employer-employee rate; (*b*) existing trust fund; and (*c*) administrative expenses. These level-premium rates assume benefits and payrolls remain level after the year 2050.

NOTE.—All estimates are based on high-employment assumptions.

TABLE 5.—*Estimated progress of trust fund under committee-approved bill, 2.4 percent interest*

[In millions]

ACTUAL DATA

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Fund at end of year
1953 [1]	$3,945	$3,006	$88	$414	$18,707
1953 [2]	4,100	3,207	91	425	19,166
LOW-COST ESTIMATE					
1954	$5,243	$3,550	$88	$469	$21,240
1955	5,939	4,543	97	525	23,064
1960	7,528	6,978	111	636	27,357
1970	12,047	10,324	138	919	39,985
1980	15,538	13,839	166	1,640	70,741
1990	16,975	16,621	192	2,296	98,034
2000	18,883	17,706	209	3,023	129,448
2020	22,255	22,808	258	5,519	235,078
HIGH-COST ESTIMATE					
1954	$5,077	$3,715	$95	$465	$20,898
1955	5,906	5,016	114	511	22,185
1960	7,456	7,845	146	527	22,204
1970	11,919	11,636	186	443	18,933
1980	15,127	15,525	225	554	23,326
1990	15,896	18,992	262	180	5,995
2000	16,966	20,691	284	[3]	[3]
2020	17,579	27,536	347	----	----

[1] Excluding effect of railroad coverage under financial interchange provisions.
[2] Including effect of railroad coverage under financial interchange provisions (as is also the case for future estimates shown below).
[3] Fund exhausted in 1922.

NOTE.—All estimates are based on high-employment assumptions.

TABLE 6.—*Changes in estimated level-premium costs of benefit payments as percentage of payroll, by type of change, House-approved bill and committee-approved bill, intermediate-cost estimate, high-employment assumptions*

Item	Level-premium cost	
	House-approved bill	Committee-approved bill
Cost of present act: [1]	*Percent*	*Percent*
1952 estimate, 2¼ percent interest	6.00	6.00
Current estimate, 2¼ percent interest	6.74	6.74
Current estimate, 2.4 percent interest	6.62	6.62
Effect of proposed changes:		
Extension of coverage	−.18	−.13
Raising earnings base to $4,200	−.15	−.15
Increase in benefits [2]	+.82	+.83
Liberalization of retirement test	+.03	+.30
Elimination of lowest years of earnings	+.13	+.11
"Disability freeze" provision	+.07	+.07
Cost of bill,[1] 2.4 percent interest	7.34	7.65

[1] Including adjustments (*a*) to reflect lower contribution rate for self-employed compared with employer-employee rate; (*b*) for existing trust fund; and (*c*) for administrative expenses.
[2] Primarily reflects effect of new benefit formula and conversion table, but also includes effect of revised minimum and maximum benefit provisions and the minor changes in insured status provisions (and in House-approved bill, change in lump-sum death payment provisions).

TABLE 7.—*Estimated cost of benefit payments under present law and under House-approved and committee-approved bills, intermediate-cost estimate, high-employment assumptions*

Calendar year	Amount (in millions)			In percent of payroll		
	Present law	House-approved bill	Committee-approved bill	Present law	House-approved bill	Committee-approved bill
				Percent	*Percent*	*Percent*
1955	$4,075	$4,630	$4,779	3.05	2.85	3.15
1960	5,716	7,266	7,406	4.10	4.29	4.69
1970	8,318	11,031	10,982	5.26	5.75	6.14
1980	11,116	14,861	14,681	6.40	7.07	7.49
2000	14,812	19,444	19,200	7.30	7.91	8.38
2020	19,475	25,166	25,173	8.63	9.22	9.89
Level-premium: [1]						
2¼ percent interest	----------	----------	----------	6.69	7.22	7.69
2.4 percent interest	----------	----------	----------	6.60	7.12	7.58
2½ percent interest	----------	----------	----------	6.54	7.05	7.51

[1] Level-premium contribution rate for benefit payments in 1953 and after and into perpetuity, not taking into account (*a*) lower contribution rate for self-employed compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses.

TABLE 8.—*Estimated benefit payments as percent of taxable payroll under committee-approved bill, intermediate-cost estimate*

In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze [2]	Total benefits
	Old-age	Wife's	Widow's [1]	Parent's	Mother's	Child's			
1960	2.97	0.37	0.56	0.01	0.18	0.43	0.11	0.05	4.69
1970	3.91	.44	1.02	.01	.18	.39	.13	.06	6.14
1980	5.00	.46	1.27	.01	.17	.36	.14	.07	7.49
1990	5.90	.46	1.36	.02	.16	.35	.15	.08	8.48
2000	5.92	.45	1.28	.02	.15	.32	.15	.08	8.38
2020	7.28	.54	1.31	.01	.15	.33	.17	.10	9.89
Level-premium: [3]									
2¼-percent interest	5.34	.47	1.14	.01	.16	.35	.15	.07	7.69
2½-percent interest	5.20	.46	1.11	.01	.16	.35	.14	.07	7.51

[1] Included are excesses of wife's and widow's benefits over old-age benefits for female old-age beneficiaries also eligible for wife's and widow's benefits. Also includes husband's and widower's benefits, respectively.

[2] The cost of the "disability freeze" is here shown separately, although in actual practice it is spread among the various types of benefits.

[3] Level-premium contribution rate for benefit payments after 1952 and in perpetuity, not taking into account (*a*) lower contribution rate for self-employed compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses. These level-premium rates assume benefits and payrolls remain level after the year 2050.

NOTE.—All estimates are based on high-employment assumptions.

TABLE 9.—*Estimated progress of trust fund under committee-approved bill, intermediate-cost estimate, 2.4 percent interest*

ACTUAL DATA

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Fund at end of year
1953 [1]	$3,945	$3,006	$88	$414	$18,707
1953 [2]	4,100	3,207	91	425	19,166
INTERMEDIATE-COST ESTIMATE					
1954	$5,160	$3,633	$91	$467	$21,069
1955	5,922	4,779	105	518	22,624
1960	7,492	7,406	128	582	24,780
1965	9,580	9,266	146	604	25,848
1970	11,142	10,982	162	681	29,459
1975	14,191	12,790	178	850	37,020
1980	15,332	14,681	196	1,097	47,034
1990	16,436	17,809	227	1,238	52,014
2000	17,924	19,200	246	1,115	46,804
2020	19,917	25,173	302	382	13,533

[1] Excluding effect of railroad coverage under financial interchange provisions.
[2] Including effect of railroad coverage under financial interchange provisions (as is also the case for future estimates shown below).

NOTE.—All estimates are based on high-employment assumptions.

XII. PUBLIC ASSISTANCE

The bill extends through September 30, 1956, the provisions of the 1952 amendments (presently scheduled to expire on September 30, 1954) with respect to Federal payments to States for public-assistance programs. Until that date, the Federal share in old-age assistance, aid to the blind, and aid to the permanently and totally disabled will continue to be four-fifths of the first $25 of a State's average monthly payment per recipient, plus one-half of the remainder, within individual maximums of $55. For aid to dependent children the Federal share will be four-fifths of the first $15 of a State's average monthly payment per recipient, plus one-half of the remainder within individual maximums of $30 for the adult, $30 for the first child, and $21 for each additional child in a family. This action is taken pending possible consideration of basic amendments in the Federal matching formulas. The cost of continuing such increased Federal payments is about $400 million for the 24-month period. The House bill would have extended the provisions in the 1952 amendments through September 30, 1955.

The bill extends from June 30, 1955, to June 30, 1957, the provision in section 344 of the Social Security Act Amendments of 1950 which provided for the approval of certain State plans for aid to the blind which did not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act. The amendments provided that such plans could be approved for the period from October 1, 1950, and ending June 30, 1955. Only two States are now affected by the provision (Pennsylvania and Missouri). Extending the time to June 30, 1957, will enable these two States to have sufficient time to allow them to make the modifications in their State laws necessary so they, like all other States, will comply with the income and resources provision in the act as a condition for Federal grants to the States.

SECTION-BY-SECTION ANALYSIS

The first section of the bill contains a short title, "Social Security Amendments of 1954." The remainder of the bill is divided into four titles: title I, which amends title II of the Social Security Act; title II, which amends the Internal Revenue Code; title III, which makes certain amendments relating to public assistance; and title IV, which makes several conforming amendments in the Railroad Retirement Act and other laws.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

Extension of Coverage

Section 101 of the bill amends sections 209, 210, 211, and 218 of the Social Security Act so as to extend coverage under the old-age and survivors insurance system to additional groups of gainfully employed individuals.

DOMESTIC SERVICE, NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

Domestic service

Section 101 (a) (1) of the bill amends paragraph (2) of section 209 (g) of the Social Security Act, which relates to domestic service. This paragraph now provides for the exclusion from wages, for purposes of old-age and survivors insurance, of cash remuneration paid in a quarter for domestic service in a private home unless such remuneration paid in such quarter for the service is $50 or more and the employee is regularly employed by the employer in the quarter. He is "regularly employed" if he performs such service for that employer on at least 24 days in the same quarter or the preceding quarter. The amendment, also approved by the House, would eliminate the 24-day test, thus making coverage of domestic service depend solely on receipt by the employee, in a quarter, of $50 in cash remuneration from one employer for such service.

As under existing law and under the House-approved bill, domestic service (as well as service not in the course of the employer's trade or business, which is described below) will not include any service described in section 210 (f) (5) (service performed on a farm operated for profit).

Service not in course of employer's business

Section 101 (a) (2) of the bill, which is the same as in the House-approved bill, amends section 209 (g) of the Social Security Act by adding a new paragraph (3). This paragraph relates to cash remuneration received for service not in the course of the employer's trade or business and should be considered together with the repeal of section 210 (a) (3) of the Social Security Act which would be accomplished by section 101 (a) (5) of the bill. Section 210 (a) (3) of the act now excludes, from employment covered by it, service not in the course of the employer's trade or business performed by an employee in a calendar quarter unless the cash remuneration paid by the employer for such service in that quarter is $50 or more and the service is performed by an individual on at least 24 days in that quarter or the

preceding quarter for that employer. The 24-day test for this purpose is the same as the test used under existing law (and described above) for domestic service in a private home. The effect of the new paragraph (3) of section 209 (g), plus the repeal of paragraph (3) of section 210 (a), is to eliminate the 24-day requirement and to make coverage under old-age and survivors insurance of service not in the course of the employer's trade or business depend solely on receipt by the employee of $50 in cash remuneration, in a calendar quarter, for the service from that employer.

The $50 test is also changed slightly. Under existing law the $50 must be paid for service performed in a quarter for the employer, and the time of payment is unimportant. Under the new section 209 (g) (3), the test is payment of $50 in a quarter for the service, and the time of performance of the service is unimportant. This change (which parallels a change made in the Internal Revenue Code by the bill) should ease the burden on the employer for reporting purposes.

Agricultural labor

Section 101 (a) (3) of the bill amends section 209 (h) of the Social Security Act by inserting a new paragraph (2) (the existing provisions of section 209 (h) becoming paragraph (1) thereof). The new paragraph would exclude from wages, for purposes of old-age and survivors insurance, cash remuneration paid by an employer to an employee in any calendar quarter for agricultural labor unless such remuneration is $50 or more. This amendment should be considered with the amendment to paragraph (1) of section 210 (a) of the Social Security Act which would be effected by section 101 (a) (4) of the bill.

Under the existing provisions of section 210 (a) (1) of the Social Security Act, agricultural labor performed in a calendar quarter is excluded from employment covered by old-age and survivors insurance unless the cash remuneration paid for such labor is $50 or more and such labor is performed for the employer by an individual regularly employed by him to perform such labor. The "regularly employed" test for this purpose is both more substantial and more complex than the 24-day test now applicable to domestic service and service not in the course of the employer's trade or business. For purposes of section 210 (a) (1)—

an individual is deemed to be regularly employed by an employer during a calendar quarter * * * only if (i) such individual performs agricultural labor * * * for such employer on a full-time basis on 60 days * * * during the quarter, and (ii) the quarter was immediately preceded by a qualifying quarter. A qualifying quarter is defined as (I) any quarter during all of which the individual was continuously employed by the employer, or (II) any subsequent quarter meeting the test of clause (i) above if, after the last quarter during all of which the individual was continuously employed by the employer, each intervening quarter met the test of clause (i). An individual is also deemed to be regularly employed by an employer during a calendar quarter if he was regularly employed (upon application of clauses (i) and (ii)) by the employer during the preceding calendar quarter (H. Rept. No. 2771, 81st Cong., 2d sess. (Conference report on H. R. 6000), p. 95).

The main effects of the amendments made by paragraphs (3) and (4) of section 101 (a) of the bill are to eliminate the present "regularly employed" test as a requirement for the coverage of an individual's agricultural labor under old-age and survivors insurance.

The provision differs from that in the House-approved bill in that the House-approved bill places the coverage test for agricultural labor on a calendar-year basis, instead of on a calendar-quarter basis as at present and as proposed by the bill here reported. The bill as passed by the House made coverage of an individual's agricultural labor depend solely on the payment to him of cash remuneration of $200 or more in a calendar year by the same employer for such labor.

At the present time, services performed in connection with the ginning of cotton and services performed in connection with the production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum resin, if such processing is carried on by the original producer of the crude gum, are excluded from coverage under old-age and survivors insurance (sec. 210 (a) (1) (B) of the Social Security Act). Also, these services may not be counted in determining whether an individual meets the 60-day-$50 test in connection with other agricultural labor, discussed above, although it may be counted for purposes of a "qualifying quarter." The amendment to section 210 (a) (1) of the Social Security Act would remove the specific exclusion of services performed in connection with the ginning of cotton and would have the effect of covering such services under old-age and survivors insurance on the same basis as other agricultural labor. The bill would retain the employment exclusion in present law of services performed in connection with the production, harvesting or processing of crude gum (oleoresin) mentioned above (this is expressed in the law as service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act); these services, therefore, would not be covered under the old-age and survivors insurance program. The bill as passed by the House covered both these types of services under old-age and survivors insurance.

The exclusion of services performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (Public Law 78, 82d Cong.) would be continued in section 210 (a) (1) of the Social Security Act, as amended by section 101 (a) (4) of the bill. The House-approved bill also retained this exclusion. Title V of the Agricultural Act of 1949 now provides that no workers may be made available under it for employment after December 31, 1955. The exclusion in section 210 (a) (1) of the Social Security Act would be inoperative when title V of the Agricultural Act of 1949 ceases to have any effect.

Redesignation of paragraphs of section 210 (a)

As indicated above, paragraph (5) of section 101 (a) of the bill repeals paragraph (3) (exclusion of service not in the course of the employer's business) of section 210 (a) of the Social Security Act. This paragraph of the bill would also make the necessary technical change of redesignating paragraphs (4) through (14) of that section and any references thereto contained in the Social Security Act to the redesignated paragraphs. This paragraph of the bill does not redesignate paragraphs (15), (16), and (17) of section 210 (a) of the Social Security Act since they are dealt with by later provisions of the bill.

Exclusion of agricultural labor from State coverage agreements

Under section 218 (c) (5) of the Social Security Act, an agreement with a State for covering State and local employees under old-age and survivors insurance may, at the option of the State, exclude agricultural labor or service performed by a student, but only in the case of "service which is excluded from employment by any provision of section 210 (a) other than paragraph (8) of such section." Since, under the bill, agricultural labor (other than contract labor under title V of the Agricultural Act of 1949 and work in connection with the production or harvesting of crude gum (oleoresin)) would no longer be excluded from employment and there would be substituted in the definition of "wages" the $50 cash wage requirement, a conforming change is necessary in section 218 (c) (5). Paragraph (6) of section 101 (a) of the bill, which is the same as section 101 (a) (6) of the House bill, would make this conforming change.

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

Under section 210 (a) (5) of the Social Security Act (redesignated by the bill as sec. 210 (a) (4)), individuals employed on and in connection with foreign-flag vessels and individuals employed on and in connection with foreign-flag aircraft are excluded from employment covered by old-age and survivors insurance both with respect to services performed on and in connection with the vessel or aircraft outside the United States and (except in the case of an individual who performs no part of such services outside the United States) with respect to services performed in this country. Section 101 (b) of the bill, which is the same as in the House-passed bill, would amend this section of the act so as to make the exclusion apply only if the individual is not an American citizen or the employer is not an American employer. Consequently, if the individual is an American citizen and the employer is an American employer the services of such individual on foreign-flag vessels or foreign-flag aircraft will be covered whether performed here or abroad. This change would have the effect of treating services performed by these individuals the same as other services performed by American citizens as employees for American employers, which are now covered whether performed here or abroad.

CERTAIN FEDERAL EMPLOYEES

Section 101 (c) of the bill as passed by the House extended coverage to most service, now excluded, performed by employees of Federal instrumentalities who are not covered by a retirement system established by a law of the United States or by an instrumentality of the United States, including service performed by temporary employees in the field service of the Post Office Department, by temporary census-taking employees of the Bureau of the Census, civilian employees of Coast Guard exchanges and other Coast Guard activities, Federal employees who are paid on a contract or fee basis and certain other groups. It also extended coverage to service performed by two groups of employees who are under other Federal retirement systems: employees of Federal home loan banks and individuals covered under the retirement system of the Tennessee Valley Authority. These

provisions of the bill as passed by the House have been deleted by your committee. Therefore, all of these employees, excluded from coverage under present law, would continue to be excluded.

MINISTERS

Section 101 (c) (1) of the bill amends paragraph (2) of section 211 (c) of the Social Security Act to permit the performance of service as an employee by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry, or by a member of a religious order in the exercise of duties required by such order, to be regarded as a trade or business for purposes of covering income derived from such service as "self-employment income" under title II of the Social Security Act. Such service, as well as almost all other service performed as an employee, is excluded under present law from the definition of "trade or business" for purposes of self-employment coverage.

Paragraph (2) of section 101 (c) of the bill further amends section 211 (c) of the Social Security Act by adding a provision that the exclusion in the present law from the definition of "trade or business" of the performance of service by a minister in the exercise of his ministry or by a member of a religious order in the exercise of duties required by the order shall not be effective (except for a member of a religious order who has taken a vow of poverty as a member of such order) during the period for which there is in effect a certificate, filed by the minister or member of a religious order, electing to have the performance of such services covered as a trade or business. (The conditions covering the filing of such certificates are contained in the Internal Revenue Code and are explained in the portion of this analysis applying to amendments in section 201 (c) of the bill.) The effect of these amendments is to permit both employed and self-employed ministers and members of religious orders (other than those who have taken a vow of poverty) to elect voluntarily to be covered under old-age and survivors insurance as self-employed.

These provisions replace the provisions in the House-approved bill which would permit ministers and members of religious orders employed by nonprofit organizations to be covered by the organizations and those which would cover self-employed ministers and members of religious orders, and those employed by any employer other than a nonprofit organization, on a compulsory basis.

FISHING AND RELATED SERVICE

Section 210 (a) (15) of the Social Security Act now excludes, from employment covered by old-age and survivors insurance, services performed by employees in fishing and similar activities (except when performed in connection with commercial salmon or halibut fishing or on a vessel of more than 10 net tons). Section 101 (d) of the bill would repeal this exclusion and renumber the succeeding paragraphs of section 210 (a) accordingly.

HOMEWORKERS

Section 210 (k) (3) (C) of the Social Security Act now includes as an employee, for purposes of employment covered by old-age and survivors insurance, any individual performing services for remunera-

tion for any person as a homeworker, according to specifications and on materials furnished by such person, which materials are to be returned to him or his designee, but only if the performance of such services is subject to State licensing laws. (Under section 209(j), which would not be changed by the bill, the remuneration for homework in any quarter is not counted unless the employee received $50 or more in cash in such quarter from the same employer for such work.) Section 101 (e) of the bill, which is the same as section 101 (f) of the House passed bill, would amend section 210 (k) (3) (C) of the act so as to eliminate the requirement that the services be subject to State licensing laws in order to constitute covered employment.

This amendment would not include, however, as employees, homeworkers who are not subject to supervision or control by any person with respect to their home work activities, and who buy raw material and make any article and sell such article to any person, even though it is made according to specifications provided by some single purchaser.

COAL ROYALTIES

Section 101 (f) of the committee-approved bill, which is the same as section 101 (g) (3) of the House bill, would amend the present section 211 (a) (4) of the Social Security Act so as to exclude from "net earnings from self-employment" the gain or loss derived from coal royalties under certain conditions. This is a technical amendment needed to bring this definition in title II of the Social Security Act into line with the definition of the term in the Internal Revenue Code. Section 325 (d) of the Revenue Act of 1951 amended section 481 (a) (4) of the Internal Revenue Code of 1939 (relating to the old-age and survivors insurance tax on self-employment income) but failed to amend the corresponding provision in the present section 211 (a) (4) of the Social Security Act.

FARM OPERATORS AND SELF-EMPLOYED PROFESSIONALS

Section 101 (g) of the House bill would have extended coverage to self-employed farm operators with annual net earnings of $400 or more from self-employment. It would also have extended coverage to all professional self-employed, except physicians, on the same basis as nonprofessional self-employed are now covered. The committee-approved bill deletes this provision of the House bill, thereby continuing the present exclusion of these groups.

This section of the House bill also provided that rentals paid in crop shares should not be included in determining "net earnings from self-employment." With the deletion of coverage of farm operators, this provision becomes unnecessary and is deleted in the committee-approved bill.

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

Section 101 (g) of the bill amends section 218 of the Social Security Act to permit service performed in positions covered by a State or local retirement system to be included, under prescribed conditions, under an agreement between a State and the Secretary of Health, Education, and Welfare covering State and local government employees for old-age and survivors insurance purposes.

Paragraph (1) (A) of subsection (g) amends the heading of section 218 (d) (which now reads "Exclusion of Positions Covered by Retirement Systems") by striking out "Exclusion of". It also redesignates the present subsection (d) as paragraph (1) of subsection (d), and amends the new paragraph (1) by making an exception to the general provision, contained in the paragraph, which prohibits old-age and survivors insurance coverage, under any agreement, of employees in positions covered by State or local retirement systems on the date when the agreement is made applicable to their coverage group. As a result of this exception, the prohibition will not apply to employees in positions (other than a policeman's or fireman's position) which were covered by a retirement system on the date an agreement was made applicable to the coverage group which included employees in such positions if, on that date (or, in any given case, on such later date as the employee first occupies such a position) the individual in the position is ineligible for membership in the system.

Subparagraph (B) of subsection (g) (1) would add to the prohibition against coverage of employees under a retirement system on the date their coverage group is covered a prohibition against old-age and survivors insurance coverage of employees in positions covered by retirement systems on the date of the enactment of the new paragraph (2) of the subsection. This change, taken in conjunction with the new provisions added by the bill (as described below), would have the general effect of providing that individuals in positions subject to a State or local retirement system either on the date of the enactment of the bill or on the date the agreement is made applicable to their coverage group could be covered under the agreement only if the members of the system vote in favor of coverage.

This prohibition of coverage of service in positions covered by retirement systems on the date specified would not apply, however, to service in policemen's and firemen's positions; individuals in such positions could still be brought under an agreement if the positions were no longer under a retirement system on the date when the agreement was made applicable to the coverage group which included employees in such positions, even if the positions were under a retirement system on the date of the enactment of the new provisions. Similarly, the prohibition does not apply to service in positions which, though covered by a retirement system on the enactment date, were, by reason of action taken prior to the enactment date by the appropriate governmental unit, no longer covered by a retirement system when the coverage group which included employees in such positions was brought under an agreement.

In the bill as passed by the House, subparagraphs (A) and (B) were both part of one paragraph with a single effective date (January 1, 1955) applicable to both parts. The material in subparagraph (B) has been separated from the rest of the material in paragraph (1), without any substantive change being made, in order to make its provisions effective immediately, as was undoubtedly intended in the House bill.

Paragraph (2) of subsection (g) of the bill would add five new paragraphs to section 218 (d).

The new paragraph (2) of section 218 (d) contains a statement that it is the policy of the Congress, in enacting the new provisions permitting the coverage under old-age and survivors insurance of em-

ployees under a State or local retirement system, that the protection afforded employees in positions covered under a retirement system on the date a coverage agreement is made applicable to service in such positions, or receiving periodic benefits under the retirement system at that time, will not be impaired as a result of their coverage under old-age and survivors insurance or as a result of legislative enactment in anticipation of such coverage.

The new paragraph (3) permits coverage under an agreement of service performed by employees in positions covered by a retirement system (other than policeman's and fireman's positions and certain other classes of positions which can be excluded at the option of the State (for example, part-time and elective positions, agricultural labor, and student services)) if the governor of the State certifies that the following conditions have been met:

A. A referendum by secret written ballot was held on the question of whether service in positions covered by the retirement system should be included under an agreement;

B. An opportunity to vote in the referendum was given (and was limited) to eligible employees;

C. Not less than 90 ("Ninety" in the House bill) days' notice of the referendum was given to all such employees;

D. The referendum was conducted under the supervision of the governor or an agency or individual designated by him.

E. A majority of the eligible employees voted in favor of including service in such positions under an agreement under section 218.

(The House-approved bill required that a majority of the eligible employees vote in the referendum and that two-thirds or more of the employees who vote in the referendum vote in favor of coverage.)

The bill provides that an employee would be deemed an "eligible employee" for purposes of the referendum if, at the time the referendum was held, he was in a position covered by the retirement system and was a member of the system, and if he was in such a position at the time when notice of the referendum was given. He would not be an eligible employee, however, if at the time of the referendum he was in a position already covered under the agreement, or if he was in a policeman's or fireman's position, or if he was in a position excluded by the State from coverage under the agreement when it was made applicable to the retirement system involved. In short, the State would have to decide before holding the referendum which of the optional groups it proposed to exclude and then exclude occupants of those positions from participation in the referendum. Any occupants of positions in such groups which were not excluded by the State from the agreement would have to be given the opportunity to participate in the referendum if such referendum is to be valid for purposes of the new provisions of section 218 (d).

No referendum would be valid for the purposes of paragraph (3) unless held within the 2-year period which ends on the date of execution of the agreement (or modification thereof) which extends coverage to the retirement system involved; nor would any referendum be valid if held less than 1 year after the last previous referendum with respect to the same retirement system ("less than 1 year after any prior referendum" in the House bill—this is a purely drafting change).

The new paragraph (4) of section 218 (d) of the Social Security Act establishes, for purposes of the existing section 218 (c), a separate

coverage group consisting of all three of the following categories of employees:

A. All employees in positions covered by the same retirement system on the date when the agreement under section 218 with the State was made applicable to such system in accordance with the conditions in paragraph (3). The employees in this category are those to whose services an agreement cannot be made applicable under existing law because the services are performed in positions covered by a retirement system.

B. All employees in positions which were covered by that retirement system at any time after the date when the agreement was made applicable to the system. The employees in this category are those in positions which are brought under the retirement system after the agreement is made applicable to the system.

C. All employees in positions which were covered by the same retirement system at any time prior to the date when the agreement was made applicable to the system, and to which the old-age and survivors insurance system was not extended because of the existing provisions of section 218 (d) (which, under the bill, are contained in section 218 (d) (1)). The employees in this category are those in positions which were covered by the retirement system at the time the agreement was made applicable to the coverage group of which they were members, but which were later removed from coverage under the retirement system. The category includes employees in covered positions who are not themselves eligible for membership in the retirement system. These employees are excluded from coverage under present law; under the bill they could be covered, or, if the State so desired, they could be excluded from coverage when other employess who are not members of the retirement system are brought in.

Subparagraph (A) of the new paragraph (5) provides that the new provisions permitting extension of old-age and survivors insurance coverage to positions covered by retirement systems after a referendum are not applicable to any policeman's or fireman's position covered by a retirement system. By reason of the provisions of existing law which continue to be applicable to such policeman's or fireman's positions, services in such positions cannot be covered under an agreement if the positions are covered under a State or local retirement system at the time when the coverage group which includes employees performing services in such positions is brought under the agreement.

Subparagraph (B) of the new paragraph (5) provides that, at the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of section 218 (c) and to which the agreement does not already apply, except those specified in paragraph (3) (C) of section 218 (c), may be excluded from the agreement at the time it is made applicable to the retirement system. Under this paragraph, the State may exclude emergency services and services in any classes of elective, part-time, or fee-basis positions, and also agricultural labor and student services which, if the services involved were performed for an employer other than a State or political subdivision, would be excluded from the program. Each such class so excluded would constitute a separate retirement system in the event that the agreement was later modified to bring that class in. The services

referred to in paragraph (3) (C) of section 218 (c), which could not be excluded under this paragraph when the agreement is made applicable to the retirement system, are services performed by individuals in positions covered by the system who are ineligible for membership in the system. Employees in these positions not already included under the agreement would have to be brought under it at the time it is made applicable to the retirement system covering those positions.

The new paragraph (6) provides that a retirement system which covers positions of employees of the State and positions of employees of one or more political subdivisions thereof, or covers positions of employees of two or more political subdivisions of the State, may be deemed, at the option of the State, to constitute a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State, or with respect to the State and any one or more of the political subdivisions concerned. The members of each such group deemed to be a separate retirement system would vote in a separate referendum and would be covered or excluded as a single group. The House-approved bill contained a similar provision which allowed the State two alternatives with respect to a statewide system: The system could be treated either as a single system or as a separate system for each governmental unit concerned. Under these alternatives a State, in order to permit separate treatment of any one governmental unit, or any one type of governmental unit, under a statewide retirement system, would be required to hold a separate referendum for each unit, no matter how small the units or how numerous. It would not be possible, for example, to group participating governmental units according to size, geographical location, or type of personnel covered by the retirement system. The committee-approved bill would give the State greater latitude in deciding how the members of a retirement system should be grouped for purposes of the referendum and subsequent coverage.

The new paragraph (6) also provides that if a retirement system covers positions of employees of one or more institutions of higher learning there shall be deemed to be a separate retirement system for the employees of each such institution of higher learning. (The term "institutions of higher learning" is defined to include junior colleges and teachers' colleges.) This provision takes into account the fact that employees of such institutions are, in many instances, covered by a retirement system which also covers elementary and secondary schoolteachers. Your committee believes that an institution of higher learning is a sufficiently distinct unit to warrant special consideration and is generally a sufficiently composite unit to minimize any danger that covering the institution's employees as a separate group would subject the old-age and survivors insurance program to adverse selection of risks. The House-approved bill makes no specific provision for employees of institutions of higher learning and would not, in general, enable these employees to act independently to secure old-age and survivors insurance coverage.

Paragraph (3) of section 101 (g) of the committee-approved bill amends section 218 (c) (3) of the Social Security Act, which provides that an agreement shall, at the request of the State, exclude certain specifically designated positions. The amendment adds another such

optional exclusion. This new provision permits a State to exclude from coverage under an agreement all services performed by individuals as members of any coverage group who are in positions covered by a retirement system on the date when the group is brought under the agreement if these individuals are not eligible to become members of the system on that date (or on any later date when they first occupy the positions) and if they have not already been included under the agreement by means of a referendum. This optional exclusion does not apply, however, in the event that the coverage group brought under the agreement consists of the retirement system covering the positions of these ineligible employees; under paragraph (5) (B) of the new section 218 (d) they would have to be brought under the agreement. This paragraph is the same as paragraph (3) of section 101 (h) of the House bill.

Paragraph (4) of section 101 (g) of the bill amends section 218 (c) (4) of the Social Security Act, which provides that services in positions excluded at the option of the State under section 218 (c) (3) may later be brought under coverage. The amendment would add a new sentence providing that individuals in positions covered by a retirement system but ineligible for membership in the system when their coverage group is brought under an agreement may be brought under the agreement at any later time—either without a referendum, if they are still ineligible for membership at the time, or after a favorable referendum, if they have since become members of the retirement system. This paragraph is the same as paragraph (4) of section 101(h) of the House bill.

Paragraph (5) of section 101 (g) amends section 218 (c) of the Social Security Act by adding to it a new paragraph (7). The new paragraph provides that, in order to bring under an agreement individuals in positions covered by a retirement system but not eligible for membership in the system, the State must make a choice. It must either agree that all such ineligible individuals in a single coverage group who later become eligible for membership in the retirement system will continue to be included under the agreement for old-age and survivors insurance, or it must agree that all such individuals in the group who later become eligible will cease to be included under the agreement. If, however, the agreement had been made applicable to the retirement system in the meantime, all such individuals would have to remain under the agreement when they became eligible for membership in the system. This paragraph is the same as paragraph (5) of section 101 (h) of the House bill.

Paragraph (6) of section 101 (g) of the bill (which is the same as par. (6) of sec. 101 (h) of the House bill) amends section 218 (f) of the Social Security Act, which relates to the effective dates of agreements and modifications thereof. Under the existing language agreements or modifications executed prior to January 1, 1954, could be made effective retroactively to January 1, 1951, thus enabling the States to negotiate agreements in the early days of the provisions relating to coverage of State and local employees without unduly penalizing the employees under the eligibility and benefit-computation provisions of old-age and survivors insurance because of unavoidable delay in this process. In the case of agreements or modifications executed after December 31, 1953, the coverage provided thereby may be made retroactive only to the beginning of the calendar year in which the

agreement or modification is consummated. This provision would be modified by the bill to permit agreements or modifications entered into during 1955, 1956, and 1957 to be made retroactive to January 1, 1955. This will give the States 3 years within which to enact any legislation necessary to enable them to enter into agreements or modifications of agreements designed to take advantage of the new provisions of section 218 (d) of the Social Security Act which have been added by the bill.

An agreement or modification retroactive to a date prior to its execution, either under existing law or by reason of the provisions of section 101 (g) of the bill, may not be made applicable with respect to service in the retroactive period performed by any individual who is not a member of a coverage group to which the agreement or modification applies on the date of the execution of the agreement or modification. Thus, service performed by individuals who die, retire, or otherwise leave the employ of the State or political subdivision prior to the date of execution of an agreement or modification would not be covered for retroactive periods.

Paragraph (7) of section 101 (g) of the bill (the same as par. (7) of sec. 101 (h) of the House bill) amends section 218 (m) of the act (relating to coverage of employees under the Wisconsin retirement fund) by changing the reference to "subsection (d)" to "paragraph (1) of subsection (d)."

Paragraph (8) of section 101 (g) (the same as par. (8) of sec. 101 (h) of the House bill) adds to section 218 of the act a new subsection (n), which provides that an agreement may, prior to January 1, 1958, be modified so as to apply to services performed by employees, as members of any coverage group to which the agreement already applies, in positions which were covered by a retirement system on the date the agreement was made applicable to the coverage group but which, by reason of action taken prior to the date of enactment of the bill, are no longer covered by a retirement system on the date when the agreement is made applicable to such services. The employees referred to are those who, after their coverage group was included under an agreement, had their retirement system dissolved or their positions removed from the coverage of a retirement system by reason of action taken by the State or political subdivision thereof prior to the date of enactment of the bill. A referendum would not be required for covering these employees.

The amendments to section 218 of the Social Security Act made by section 101 (g) of the bill would become effective January 1, 1955, except that made by paragraph (1) (B), which would be effective with enactment of the bill. Paragraph (1) (B) would make it impossible for retirement system members (except a person in a policeman's or fireman's position) to be covered without a referendum by dissolving the retirement system.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS AND CERTAIN STATE INSPECTORS

Paragraph (1) of section 101 (h) of the bill amends paragraph (5) of section 218 (b) of the Social Security Act (which defines "coverage group") by adding a new provision. This provision would establish as a separate coverage group civilian employees of State National

Guard units who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense. These employees would also be deemed to be employees of the State. The Department of Defense does not regard these employees as Federal employees and has made provision for the payment of the employer's share of the old-age and survivors insurance taxes where the State is willing to cover the employees under its agreement. This amendment would be effective as of January 1, 1951.

Paragraph (2) of section 101 (h) further amends paragraph (5) of section 218 (b) of the Social Security Act by adding a provision which permits the State to deem certain inspectors of agricultural products to be State employees and establishes these persons as a separate coverage group. The inspectors specified in the provision are those employed pursuant to an agreement entered into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624) or section 14 of the Perishable Commodities Act, 1930 (7 U. S. C. 499n) between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products. It is desirable to facilitate coverage of these employees because they generally work in several different States during the course of the year. Some States, however, do not wish to cover State employees generally and, under present law, cannot cover the inspectors without covering other State employees. This amendment would permit a State to cover inspectors of agricultural products even though other State employees were not covered. This amendment would be effective January 1, 1955.

Paragraph (3) of section 101 (h) provides that, notwithstanding section 218 (f) of the Social Security Act, any agreement or modification covering the services performed by members of the coverage group which consists of the civilian employees of State National Guard units referred to in the amendment made by paragraph (1) may have an effective date as early as December 31, 1950, provided the modification or agreement is agreed to prior to January 1, 1956.

Paragraphs (1) and (3) of section 101 (h) of the bill are the same as paragraphs (1) and (2) of section 101 (i) of the House-approved bill. That bill contained no provision comparable to paragraph (2) of section 101 (h) of the committee-approved bill.

CERTAIN EMPLOYEES OF THE STATE OF UTAH

Section 101 (i) of the bill adds a new subsection (o) to section 218 of the Social Security Act. The new subsection (o) would establish as separate coverage groups, and would permit coverage of, the employees of each of the following groups of educational employees in the State of Utah: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Training School, State Board of Education, and Utah School Employees Retirement Board.

The employees of each one of the aforementioned institutions, organizations, or units would constitute a separate coverage group for purposes of section 218. The State could, therefore, as is true with

other coverage groups under the existing law, cover any one or more of these coverage groups under its agreement. However, if Utah wished to cover any of the employees in a particular one of these groups, then, as is also true under existing law for other coverage groups, all of them (other than part-time and similar optionally excludable classes) would have to be covered.

This amendment would be effective as of January 1, 1951. Any of these groups, if a modification of an agreement to cover them is agreed to prior to January 1, 1955, could be covered retroactively to January 1, 1951, the beginning date of coverage for the majority of the other educational employees in the State.

The employees listed cannot be brought under the Utah old-age and survivors insurance agreement under present law, even though their retirement system was dissolved to make the employees eligible for old-age and survivors insurance coverage, because they were in positions covered by a retirement system on the date the agreement was made applicable to the coverage group of State employees. They now have only the protection of a supplemental State retirement system established after other educational employees had been brought under old-age and survivors insurance. The new section 218 (o) would enable the State to afford these groups of State educational employees the same combination of old-age and survivors insurance and a supplemental retirement system as is afforded other educational employees in the State. The House-approved bill contains no comparable provision.

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

Section 101 (j) (1) of the bill establishes a presumption that work deductions have been made from the benefits of certain State and local employees whose services prior to 1955 were covered retroactively by a State under an agreement entered into under section 218 of the Social Security Act. Under the law and regulations applicable to services performed before 1955, any employees performing services covered retroactively, who were, at the time of the performance of the services, entitled to benefits under old-age and survivors insurance do not suffer deductions under section 203 (b) (1) or (2) of the Social Security Act, even though the remuneration for such services exceeds the amount permitted under such section. In some cases this prevents an employee whose services are thus covered retroactively from qualifying for a recomputation of his benefit amount since under present law a recomputation is authorized only if the primary beneficiary has had deductions from benefits on account of services performed during 12 months out of a period of 36 months.

This section of the bill establishes a presumption that such deductions have been made if they would have been imposed under section 203 (b) of the Social Security Act had the agreement been entered into on its effective date. Such a presumption would be made, however, only for purposes of determining whether any person is entitled to a recomputation of the primary insurance amount of the individual who performed the services covered retroactively by the State agreement. A retired worker to whom this provision is applicable, or in the case of his death, his survivors entitled to monthly benefits,

would be entitled to a recomputation of his primary insurance amount under the existing section 215 (f) (2) (A) or section 215 (f) (4) (A), as the case may be, if the conditions in the applicable section are met and if, in the case of a retired worker, the individual files an application for recomputation under section 215 (f) (2) (A) after August 1954 and prior to January 1956 or, in the case of survivors of a retired worker who died prior to January 1956, if any person entitled to survivor's monthly benefits files a specific application for a recomputation under section 215 (f) (4) (A).

Paragraph (2) of section 101 (j) of the bill provides that for purposes of a recomputation made by reason of paragraph (1) of the section, the primary insurance amount of the individual who performed the services referred to in such paragraph would be computed under subsection (a) (2) of section 215 of the Social Security Act, as amended by the bill (but, for such purposes, without application of subsection (d) (4) of section 215), and as though he became entitled to old-age insurance benefits in whichever of the following months yields the highest primary insurance amount:

(A) the month following the last month for which deductions are deemed, under paragraph (1) of section 101 (j), to have been made; or

(B) the first month after the month determined under subparagraph (A) (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under section 203 (b) of the act; or

(C) the first month after the last month (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were subject to deductions under section 203 (b) of the act; or

(D) the month in which the individual filed his application for recomputation referred to in paragraph (1) of section 101 (j) or, if he died without filing such an application and prior to January 1, 1956, the month in which he died, and in any such case (but, if the individual is deceased, only if death occurred after August 1954) the amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) of section 102 of the Social Security Act would be applicable.

The recomputation would be effective for and after the month in which the application referred to in paragraph (1) of section 101 (j) is filed. The provisions of the section would not be applicable in the case of any individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act prior to September 1954.

Paragraph (3) of section 101 (j) of the bill provides that if any recomputation is made under section 215 (f) of the Social Security Act by reason of deductions which are presumed under paragraph (1) of section 101 (j) of the bill to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of benefits based on such wages and self-employment income for the months for which such deductions were presumed to have been imposed is to be recovered, under paragraph (2) of the subsection, by making deductions, in addition to any others required by section 203 of the Social Security Act, from any increase in benefits based on such wages and self-employment income and resulting from such recomputation.

Section 101 (j) of the committee-approved bill is substantially the same as section 101 (j) of the House-approved bill. Your committee has included additional dates to be used as the presumed date as of which the individual became entitled to old-age insurance benefits, in order to provide more equitable results in the recomputation of benefit amounts under this provision. Other minor changes were made to clarify the method of recomputation and the application of the provisions to survivors of workers with respect to whom the deductions are presumed but who died before 1956.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

Section 101 (k) of the committee-approved bill, which is the same as that in the House-approved bill (except for changes in references to the Internal Revenue Code necessitated by the revisions in that code made by H. R. 8300) amends the introductory language of section 210 (a) of the Social Security Act to include in the definition of "employment" service performed outside of the United States by a citizen of the United States as an employee of a foreign subsidiary (as defined in the new section 3121 (l) of the Internal Revenue Code of 1954) of a domestic corporation (as determined in accordance with the provisions of sec. 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement with respect to such subsidiary between the domestic corporation and the Secretary of the Treasury entered into under such section 3121 (l) of the code.

EFFECTIVE DATES

Section 101 (l) provides effective dates for the amendments made by section 101 of the bill. The exclusion of coal royalties from "net earnings from self-employment" under section 211 (a) of the Social Security Act (sec. 101 (f) of the bill) would be effective for taxable years beginning after 1950. The extension of coverage to ministers (sec. 101 (c) of the bill) would be effective, except for purposes of section 203 of the Social Security Act, for taxable years ending after 1954. The provisions relating to the coverage of agricultural labor and service not in the course of the employer's trade or business (sec. 101 (a) (2), (3), (4), (5), and (6) of the bill) would be effective with respect to remuneration paid after 1954 (in the case of the amendments to the defintion of "wages") and with respect to service for which the remuneration is paid after 1954 (in the case of the amendments to the definition of "employment"). The provisions relating to coverage of domestic service (sec. 101 (a) (1) of the bill) would be effective with respect to remuneration paid after 1954. The amendments made by the rest of section 101 of the bill (other than subsecs. (g), (h), and (i), relating to employees covered by State or local retirement systems, and subsec. (k), relating to coverage of service performed for foreign subsidiaries of domestic corporations by employees who are United States citizens), would be effective with respect to services performed after 1954.

In the case of the amendments made by section 101 (c) (extending coverage to ministers), a special provision is included for purposes of section 203 of the Social Security Act in order to avoid work deductions retroactive before 1955 where an individual is on a fiscal-year basis.

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For such purposes, the extension of coverage to ministers will be effective only for net earnings from self-employment derived after 1954 (in the House bill "self-employment income" was incorrectly used in this provision).

Aside from the change from "self-employment income" to "net earnings from self-employment," the differences in this section from the bill as passed by the House are due to the changes in the coverage provisions already described above.

Increase in Benefit Amounts

Section 102 of the bill amends section 215 of the Social Security Act (relating to the computation of the primary insurance amount) to provide increases in benefit amounts, both for individuals already on the benefit rolls and those who will come on the rolls in the future.

Throughout this section of the bill, as well as in succeeding sections, the amendments have generally been made effective for months after August 1954. In the bill as passed by the House the amendments were generally effective for months after the month following enactment of the bill.

Primary insurance amount

Paragraph (1) of section 215 (a) of the act, as amended by the bill, sets forth a new benefit formula to be used in computation of the primary insurance amount of individuals who (1) have acquired at least six quarters of coverage after 1950 and either do not become eligible for old-age insurance benefits until after August 1954 or die after that month and prior to becoming eligible for old-age insurance benefits, or (2) acquire at least six quarters of coverage after June 30, 1953. The new benefit formula would be used if it resulted in a higher primary insurance amount than would result for such individual if his benefit amount were computed under the new conversion table provided in section 215 (c) as amended by the bill.

The benefit formula provided by the bill would be 55 percent of the first $110 of average monthly wage plus 20 percent of the next $240 of such wage. Under present law, the formula is 55 percent of the first $100 of average monthly wage plus 15 percent of the next $200.

Paragraph (2) of section 215 (a) as amended by the bill provides that any other individual shall have his primary insurance amount computed through the conversion table in section 215 (c) as amended by the bill.

Average monthly wage

Section 102 (b) of the bill amends section 215 (b) of the Social Security Act to provide standard end-of-the-year starting and beginning-of-the-year closing dates, applicable to both wage earners and self-employed individuals, for computation of the average monthly wage, and to provide for the exclusion of up to 5 years in which earnings were lowest (or nonexistent) from the average monthly wage computation.

Paragraph (1) of the subsection amends paragraphs (1), (2), and (3) of subsection 215 (b) of the act (relating to computation of the average monthly wage).

The amended paragraph (1) of section 215 (b) eliminates the distinction, in present law, between the "wage closing date" and the "self-

employment income closing date," and the provision that the individual's "divisor closing date" shall be the later of his "wage closing date" or "self-employment income closing date." An individual's average monthly wage, under the amended paragraph, would be the quotient obtained by dividing the total of his wages and self-employment income after his "starting date" and prior to his "closing date" by the number of months elapsing between those dates. Excluded from this computation would be the months in any year after an individual's starting date, but prior to the year in which he attained age 22, in which he did not have at least 2 quarters of coverage. Under present law, the months in any quarter prior to the quarter of attainment of age 22 which is not a quarter of coverage are excluded from the computation. As in present law, the minimum divisor used for the computation (including a computation made after the application of paragraph (4) of section 215 (b) when it is applicable) would be 18.

Paragraph (2) of section 215 (b) as amended by the bill provides that an individual's "starting date" shall be December 31, 1950, or, if later, the last day of the year in which the individual attains age 21, whichever results in the higher primary insurance amount.

Paragraph (3) of section 215 (b) as amended by the bill provides that an individual's "closing date" shall be whichever of the following results in the higher primary insurance amount: (1) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or (2) the first day of the year in which he first became eligible for old-age insurance benefits (i. e., was both fully insured and attained retirement age). In those cases where adequate evidence of earnings in the year of death or entitlement is available to the Secretary at the time of benefit computation, an alternative computation using as the closing date the first day of the year following the year of death or entitlement may be made. Where the alternative closing date would increase the individual's primary insurance amount, the higher amount would be paid at that time.

Evidence would be considered to be available when it can be readily obtained as, for example, where the individual brings such evidence with him or can obtain it with reasonable promptness or such evidence can be readily obtained from the employer. If the earnings in the year of death or entitlement are not used in the initial computation of the benefit, provision is made in section 215 (f) (3) of the act as amended by the bill, whereby the individual (or his survivor in the event of his death) can have the benefits recomputed upon application after the year of death or entitlement. In such a recomputation the closing date becomes the first day of the year after the year of death or entitlement so that earnings in such year of death or entitlement may be used in the benefit computation. They will be used, however, only if they produce a higher benefit amount.

In the provisions amended by paragraph (2) of the bill, two technical changes have been made. First, your committee has made it clear that the minimum divisor of 18 used in computing the average monthly wage applies after the dropout of the 5 or fewer years in any case in which the provisions for a dropout of these years of low earnings are applicable. Second, the House-passed bill provided that the starting and closing dates used in the computation should be those yielding the higher "average monthly wage." Your committee has changed this to "primary insurance amount" to avoid the requirement

of using the closing date which produces a higher average monthly wage even though the use of an alternative date would produce a higher primary insurance amount and, therefore, higher benefits.

Paragraph (2) of section 102 (b) of the bill deletes paragraph (4) of section 215 (b) of present law and replaces it with a new paragraph which directs the Secretary to determine, and to exclude from the computation of an individual's average monthly wage, the four or fewer full calendar years which, if the months thereof elapsing after the individual's starting date and prior to his closing date, and the wages and self-employment income for such years, were excluded from the computation, would produce the highest primary insurance amount. In the case of any individual who has at least 20 quarters of coverage, the maximum number of years to be dropped would be 5, instead of 4.

A technical change has been made in the amendment made by this paragraph. As passed by the House of Representatives, this amendment provided that an individual could drop 5 years from the computation of his average monthly wage only if he had at least 20 quarters of coverage prior to the closing date used in the computation of his benefit amount. The change made by your committee will avoid anomalous results in cases where an individual had more than 20 quarters of coverage but could drop only 4 years because fewer than 20 of those quarters occurred before the closing date used in the computation of his benefit.

Determinations made by use of the conversion table

Section 102 (c) of the bill amends section 215 (c) of present law to provide a new conversion table to be used to increase the benefits of individuals already on the rolls and to compute the primary insurance amount of certain individuals who come on the rolls after the enactment of the bill. Your committee concurs in the provisions adopted by the House in this section.

Paragraph (1) of the amended section sets forth the new conversion table, as follows:

"I "If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00"

Column I of the table contains amounts of primary insurance benefits computed on the basis of average earnings from January 1, 1937, and under the benefit formula provided in the Social Security Act before the 1950 amendments. Column II contains primary insurance amounts computed under the present act, either through the conversion table in the act, or through the benefit formula provided therein in cases where average earnings after 1950 are used in the computation. Column III sets forth the new primary insurance amounts to which the amounts on corresponding lines in columns I and II are to be increased. Column IV sets forth the average monthly wage to be used in setting the maximum amount of benefits payable to the family.

The table is designed to provide an increase of at least $5 in primary insurance amounts. The amounts in column III of the table for which there is in column I a corresponding primary insurance benefit were computed by applying the new benefit formula in the bill to the amounts of average monthly wage in column III of the conversion table in present law, and further increasing any of the resultant primary insurance amounts so that they were at least $5 more than the primary insurance amounts in the present conversion table corresponding to such average monthly wage. The table is so constructed that at average monthly wage levels of $130 or more, benefit amounts for individuals having the same average monthly wage will be identical, regardless of whether the benefit is computed through the conversion table or the new formula. Where the individual's average monthly wage, even after a dropout of low years, is less than $130, the conversion table may give a more favorable result. The amounts in column II for which there are corresponding amounts of primary insurance benefits in column I are derived by applying to such primary insurance benefits the conversion table in present law. The amounts in column II for which there are no corresponding primary insurance benefits (i. e., amounts above $77.10) are derived from actual average monthly wages on the basis of earnings after 1950 under the formula in section 215 (a) (2) of present law.

The amounts in column IV are amounts of average monthly wage which would yield the primary insurance amount on the corresponding line in column III by applying the revised benefit formula in section 215 (a) (1) (A) of the act as amended by the bill. Such amounts in column IV will determine the maximum amount of the benefits payable on the basis of an individual's wages and self-employment income under section 203 (a) of the act, as amended by the bill.

Paragraph (2) sets forth the methods to be used for computation of the new primary insurance amount for amounts that fall between the amounts on any two consecutive lines of column I or II of the table. Subparagraph (A) of the paragraph provides that when the primary insurance benefit falls between the amounts on any two consecutive lines in column I of the table, the new primary insurance amount is to be determined by applying the new benefit formula to the average monthly wage which would be determined for the individual under the applicable provisions of present law relating to the determination of benefits under the conversion table where the old primary insurance benefit falls between the amounts on two consecutive lines of the existing table. The primary insurance amount thus obtained, if not already a multiple of 10 cents, would be rounded upward to the next higher multiple of 10 cents and would then be increased, if necessary, to the extent that it is less than $5 greater than the primary insurance amount that would be derived from the individual's primary insurance benefit under the provisions of present law.

Subparagraph (B) of the paragraph provides that when an individual's primary insurance amount (computed under the benefit formula in present law) falls between any two consecutive lines in column II of the table, the new primary insurance amount shall be computed as in subparagraph (A) in those cases where the primary insurance amount under present law can be derived from a primary insurance benefit in accordance with the applicable provisions in present law. Where it cannot be so derived, or where the primary insurance amount

derived under present law is more than $77.10, the new primary insurance amount would be derived by applying the new benefit formula in the bill to the average monthly wage from which the present primary insurance amount was determined. The resultant amount would be rounded to the next higher multiple of 10 cents if it is not already a multiple of 10 cents and would then be increased to the extent, if any, that it is less than $5 greater than the primary insurance amount computed under present law.

Subparagraph (C) of paragraph (2) provides that in cases where the individual's primary insurance amount can be computed under the provisions of both subparagraph (A) and subparagraph (B), the subparagraph that yields the larger primary insurance amount shall be used.

Section 215 (c) (3) of the Social Security Act is repeated in the bill. It is designed to facilitate the mechanical processing of the increases provided by the bill by providing for an assumed primary insurance benefit 1 or 2 cents more or less than the actual primary insurance benefit from which a benefit under section 202 has been computed.

Section 215 (c) (4) of the Social Security Act as amended by the bill provides that, for purposes of section 203 (a) (setting the maximum monthly amount of benefits payable on a single wage record), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of the amended subsection (providing a method for computing the new primary insurance amount for persons whose primary insurance benefits or present-law primary insurance amounts fall between the amounts on any two consecutive lines in column I or II of the conversion table) shall be a sum equal to the average monthly wage which would result in such new primary insurance amount if the new benefit formula provided in the amended section 215 (a) (1) (A) were applied to such average monthly wage. However, if such average monthly wage is not already a multiple of $1, in lieu of being rounded to the next lower multiple of $1 as it is under existing law, it would be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it was a multiple of $0.50).

Primary insurance benefit and primary insurance amount for purposes of conversion table

Section 102 (d) of the bill amends section 215 (d) of present law to add provisions for computation of a primary insurance amount for purposes of the conversion table to the present provisions for computation of a primary insurance benefit for such purposes.

Paragraph (1) changes the heading of section 215 (d) to read "Primary Insurance Benefit and Primary Insurance Amount for Purposes of Conversion Table."

Paragraph (2) changes the introductory sentence of subsection (d) of section 215 to provide that primary insurance amounts required by the conversion table procedures would be computed under the provisions of the subsection.

Paragraph (3) amends paragraph (4) of section 215 (d) of the Social Security Act to provide that a primary insurance benefit would not be computed in the case of any individual who attained age 22 after 1950 and with respect to whom not less than 6 of the quarters elapsing after 1950 are quarters of coverage. Such an individual is not eligible for a primary insurance benefit computation under present

law. He could still have a primary insurance amount, based on earnings after 1950, computed for purposes of the conversion table.

Paragraph (4) of section 102 (d) of the bill adds a new paragraph (6) to section 215 (d) of the Social Security Act, to provide that an individual's primary insurance amount for purposes of the conversion table shall be computed under the provisions of present law, except that the provisions of the bill relating to the new standard starting and closing dates for computation of average monthly wage, to increase in earnings counted after 1954, and to elimination of periods of disability from the computation, would be applicable. The provisions for dropping up to 5 lowest years, however, would not be applicable to computations made under this paragraph, although they would be applicable to computations of primary insurance benefits for purposes of the conversion table.

Exclusion of self-employment income in taxable year ending in or after first month of entitlement

Section 102 (e) (1) of the bill amends section 215 (e) of the act (relating to wages and self-employment income not to be counted in the computation of the average monthly wage) by adding a new paragraph (3) to provide that if an individual's closing date is the first day of the year in which he became entitled to old-age insurance benefits, and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes entitled to old-age insurance benefits, his self-employment income in such taxable year may not be counted, except as provided in section 215 (f) (3) (C) of the act as amended by the bill (relating to a special recomputation for such individuals after the close of the taxable year).

Recomputation of benefits

Paragraph (2) of section 102 (e) amends section 215 (f) (2) of the act (relating to recomputation of benefits to take account of earnings after entitlement). Under section 215 (f) (2) (A) of present law, one of the requirements for an individual to qualify for such a recomputation is that his benefits must have been suspended, on account of earnings in excess of the amount permitted by the retirement test, in 12 months out of a 36-month period. Because of the liberalizations in the retirement test made by the bill, benefit suspensions would no longer serve as a suitable test for determining eligibility for a recomputation to take into account additional earnings after entitlement.

Subparagraph (A) of the amended section 215 (f) (2) would provide that an old-age insurance beneficiary could have his benefit recomputed upon an application for a recomputation of his benefits filed after 1954 if (1) he had at least 6 quarters of coverage after 1950 and before the quarter in which he filed application; (2) he had covered earnings of more than $1,200 in a calendar year occurring after 1953 (not taking into account any calendar year prior to the calendar year in which the last previous computation of his primary insurance amount was effective) and after the year in which he became entitled to old-age insurance benefits or filed an effective application for a recomputation under section 102 (e) (5) (B) or 102 (f) (2) (B) of the bill (relating, respectively, to the work recomputation under present law to take into account earnings after entitlement and to the dropout

recomputation, i. e., dropping of up to 5 years of lowest earnings or no earnings, whichever of these 3 events is the latest; and (3) he filed the application for recomputation under the subparagraph no earlier than 6 months after the end of the calendar year referred to in clause (2) above. The increased benefits resulting from an effective recomputation would be payable retroactively for up to 12 months prior to the month in which the application was filed, but in no case for any month prior to the month following the calendar year referred to in clause (2), above.

This provision differs from that in the House bill in that the amount of annual earnings required before an individual can qualify for a work recomputation is increased from "not less than $1,000" to "more than $1,200", in conformity with the change made by your committee in the retirement test, described below. Your committee has also changed the provision as passed by the House to make it clear that an individual is eligible for only one work recomputation on the basis of earnings in a single year.

Subparagraph (B) provides that a recomputation under subparagraph (A) shall be made as though the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation (i. e., with the use of all applicable closing and starting dates and benefit formulas), but only if the provisions of subsection (b) (4) (relating to the dropout of years of lowest or no earnings) were not applicable to the last previous computation of his primary insurance amount. If the dropout provisions were applicable to such last previous computation, the recomputation under subparagraph (A) would be made only under the new benefit formula provided in the new section 215 (a) (1) (A) of the act as amended by the bill, with the average monthly wage based on a closing date of the first day of the year in which the application was filed.

Under the provision as passed by the House, the first work recomputation to which an individual became entitled after the effective date would have permitted the use of all applicable starting and closing dates and benefit formulas, even though the "dropout" provisions had been applicable to his last previous benefit computation. A complete reopening of the benefit computation provisions in such cases imposes an unnecessary administrative burden, since no real purpose is served by applying all applicable starting and closing dates and benefit formulas after the "dropout" provisions have already been applied. In such cases, if the individual's earnings will increase his benefit amount, such increase can be effectuated through the use of the benefit formula in the new section 215 (a) (1) (A).

Paragraph (3) (A) of section 102 (e) of the bill amends section 215 (f) (3) of the act (relating to recomputation of benefits) to provide that an individual's primary insurance amount shall be recomputed to take into account earnings in the year (1) in which he became entitled to old-age-insurance benefits if he became entitled to such benefits after August 1954, or (2) had a recomputation of his benefit under section 102 (e) (5) or 102 (f) (2) (B) of the bill (relating, respectively, to certain work recomputations and the dropout recomputation, or (3) whose primary insurance amount was recomputed under the provisions of the first sentence of paragraph (2) (B) of the new section 215 (f) (relating to work recomputations for individuals who

have earnings of more than $1,200 in a year), but only if application for such recomputation was filed after the year in which he became entitled to old-age-insurance benefits, or in which he filed an effective application for the last recomputation of the type referred to above. The closing date for the recomputation provided by the new paragraph (3) (A) of section 215 (f) of the act would be the first day of the year following the year in which he became entitled to old-age-insurance benefits or filed his application for the last previous recomputation referred to above, whichever is the later. Any increase in benefit amount resulting from the recomputation would be payable retroactively to the first month for which the last previous computation of his benefit amount was effective, but in no case for more than 24 months prior to the month in which the application for this recomputation is filed.

The new paragraph (3) (B) of section 215 (f) of the act provides for a recomputation for survivors in the case of an individual who dies after August 1954, who, at the time of his death, was not entitled to an old-age insurance benefit, or who became entitled to an old-age insurance benefit after August 1954, or whose primary insurance amount was recomputed under the provisions for work or "dropout" recomputation, and whose last previous benefit computation or recomputation was made on the basis of a closing date of the first day of the year of death, entitlement, first eligibility, or application for the recomputation, whichever is applicable. His primary insurance amount would be recomputed on the filing of an application by a survivor entitled to monthly benefits or a lump-sum death payment on the basis of his wage record. The closing date for the recomputation would be the first day of the year following the year in which the individual died, or, if he was entitled to old-age insurance benefits, the year in which he filed his application for the last previous computation or recomputation of his primary insurance amount, or died, whichever first occurred. Any increase in monthly survivors' benefits resulting from the recomputation would be payable retroactively to the month in which the survivor first became entitled to such benefits but in no event for more than 24 months prior to the month the application for recomputation was filed.

The recomputation for survivors in the bill as passed by the House was limited to those cases where the individual himself would have been eligible to file an application for the recomputation in the month in which he died. This would have barred a recomputation in those cases where the individual died in the year in which he became entitled to old-age insurance benefits or filed an application for a recomputation. To avoid this anomaly, the provision was changed to make it clear that in such cases the survivors would be entitled to a recomputation.

Paragraph (3) (B) of section 102 (e) of the bill further amends section 215 (f) (3) to provide (in a new subparagraph (C)) that if an individual's closing date is the first day of the year in which he became entitled to old-age insurance benefits, and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, a recomputation of the individual's primary insurance amount shall be made, after the close of the taxable year, to include in the calculation so much of the self-

employment income for such taxable year as is allocated to calendar quarters prior to the closing date. No application would be required for a recomputation under this subparagraph. The recomputed amount would be effective for and after the first month in which the individual became entitled to old-age insurance benefits.

Paragraph (4) of section 103 (e) of the bill amends paragraph (4) of section 215 (f) of the act (relating to the recomputation of the primary insurance amount of a deceased individual) to provide for recomputation of the primary insurance amount on the death after 1954 of an old-age insurance beneficiary, if any person is entitled to monthly survivors benefits or to a lump-sum death payment on the basis of his wages and self-employment income. The recomputation would be made only if the decedent (1) would have been entitled to a recomputation under subparagraph (A) of the section 215 (f) (2), as amended by this bill (relating to a work recomputation for individuals who have earnings of more than $1,200 in a year), had he filed an application therefor in the month in which he died (without regard to the provision in such subparagraph (A) which requires that the application be filed after the sixth month following the year in which the earnings of $1,200 were derived), or (2) he was paid compensation for services covered under the Railroad Retirement Act which is treated as remuneration for employment under the Social Security Act. If the recomputation is permitted by clause (1), above, the recomputation would be made as though the individual had filed an application for a work recomputation under section 215 (f) (2) (A) in the month in which he died, and would include, in addition, any railroad compensation paid prior to the applicable closing date used in the computation. If recomputation is permitted by clause (2), above, the closing date for the recomputation would be the same as that used in the last previous computation of his primary insurance amount, and would include, in addition, only railroad compensation paid prior to such closing date. If the recomputation is permitted by both clauses (1) and (2), the method giving the higher primary insurance amount would be used.

Paragraph (5) (A) of subsection (e) of section 102 of the bill provides that where an individual would have been entitled, on the filing of an application before September 1954, to a recomputation of his primary insurance amount on account of deductions from benefits or attainment of age 75 and acquisition of 6 quarters of coverage after 1950 under subparagraph (A) or (B) of section 215 (f) (2) of present law (except for the provision that such recomputation must result in a higher primary insurance amount to be effective), his primary insurance amount shall be recomputed on application by him or by a survivor filing application for monthly benefits or a lump-sum death payment on his record. In such recomputation the primary insurance amount would be determined only under the provisions of the bill relating to the conversion table through the use of the benefit formula in section 215 (a) (1) of the present law which provides for a computation on the basis of earnings after 1950. The recomputation would take into account only such earnings as would be counted, for purposes of computing the average monthly wage, as though the month of filing application for the recomputation (or, if the individual died without filing such application, the month of death) were the month in which he became entitled to old-age insurance benefits. The recomputation would be effective, in the case of old-age insurance

benefits, for and after the month in which the application for recomputation is filed, and in the case of monthly survivors' benefits, for and after the month in which the survivor became entitled to monthly benefits.

Paragraph (5) (B) of this subsection provides that an individual who is entitled on the basis of an application filed after August 1954 to a work or age 75 recomputation under subparagraph (A) or (B) of section 215 (f) (2) of present law, or who dies after August 1954 leaving any survivors entitled to a survivor's recomputation under section 215 (f) (4) of present law, and who either acquired his sixth quarter of coverage after 1950 and prior to September 1954, or first qualified for the recomputation after August 1954 (i. e., had the 12th deduction under section 203 (b) (1) or (2) of the present law or attained age 75 after that month), his primary insurance amount shall be recomputed on application by him, or in the event of his death after the effective date if a survivor is entitled to a recomputation under section 215 (f) (4) of present law. The computation of the primary insurance amount in such cases would be made under all the applicable provisions of section 215 of the law as amended by this bill, except that the closing date would be determined as though he had become entitled to benefits in the month in which he filed his application for recomputation or in the month of death. In the case of monthly benefits, the recomputation would be effective for and after the month in which the application was filed, or, if the individual died, for and after the month in which the person filing the application for survivor's benefits became entitled to such benefits.

Subparagraph (C) of paragraph (5) of section 102 (e) of the bill provides that an individual, or in case of his death, his survivors entitled to a lump-sum death payment or to monthly benefits on the basis of his wage record, shall be entitled to a work (or age 75) recomputation of his primary insurance amount under section 215 (f) (2) or section 215 (f) (4) of present law, only if (1) he had not less than 6 quarters of coverage after 1950 and prior to January 1, 1955, and (2) either the 12th qualifying deduction occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (3) he meets the other conditions for entitlement to such a recomputation. The subparagraph also provides that if the individual's primary insurance amount has been recomputed previously under either subparagraph (A) or (B) of section 102 (e) (5) of the bill, it shall not be recomputed again under either of these subparagraphs.

Subparagraphs (A), (B), and (C) of section 102 (e) (5) of the bill differ slightly from the House-passed bill. They have been changed to make it clear that if the old-age beneficiary dies without filing the application which would have entitled him to a recomputation thereunder, any of his survivors entitled to monthly benefits or a lump-sum payment on his record may file an application and secure the recomputation.

Special July 1, 1956 closing date

Paragraph (6) of section 102 (e) of the bill provides special starting and closing dates in the case of an individual who dies or becomes entitled to old-age insurance benefits in 1956, provided such individual had not less than 6 quarters of coverage after 1954 and prior to the quarter following the quarter in which he died or became entitled

to old-age insurance benefits, whichever first occurred. In such cases, the individual's starting date would be December 31, 1954, and his closing date would be July 1, 1956. The primary insurance amount in these cases would be computed only through the new benefit formula established by the bill. The special starting and closing dates would be used only if they would result in a higher primary insurance amount.

The determination of an individual's closing date in accordance with the above provision would be considered as a determination of his closing date under section 215 (b) (3) (A) of the act as amended by this bill (relating to the closing date of the 1st day of the year of death or entitlement to old-age insurance benefits), and the recomputation provided in section 215 (f) (3) (C) (relating to self-employment income in a taxable year which begins prior to an individual's closing date and ends after the last day of the month preceding the month in which he became entitled to benefits), would be made using the closing date of July 1, 1956, if it would result in a higher primary insurance amount.

In any computation based on the July 1, 1956 closing date, the total of wages and self-employment income after December 31, 1955, which may be used in such computation would be reduced to $2,100, if it is in excess of that amount.

The provisions of this paragraph differ from those in the bill as passed by the House, which would permit the use of the July 1, 1956, closing date in all cases of death or entitlement in 1956, so long as the individual had at least 6 quarters of coverage after 1954 and through the quarter of death or entitlement, regardless of which starting date or benefit formula was used. Your committee believes that this provision was intended to take care of those individuals newly covered in 1955, who would otherwise be disadvantaged by the use of the minimum divisor of 18 in the computation of their average monthly wage. To open this special provision, as does the House bill, to all types of benefit computations, would unnecessarily complicate the administration of the program.

Maximum family benefits

Paragraph (7) of section 103 (e) of the bill amends section 203 (a) of the Social Security Act to provide new maximum limitations on the total monthly amount of benefits payable on the basis of the wages and self-employment income of an insured individual. Whenever such total of monthly benefits is more than $50 and exceeds the larger of 80 percent of the insured individual's average monthly wage or 1½ times his primary insurance amount, such total of benefits would, after any deductions made under section 203 of the act, be reduced to the larger of 80 percent of the insured individual's average monthly wage or 1½ times his primary insurance amount, but in no case to less than $50. If any of the individuals entitled to such benefits would (but for the provisions of section 202 (k) (2) (A) of the act limiting the benefit payments of a child to the benefit payable on the record yielding the largest primary insurance amount) be entitled to benefits on the basis of the wages and self-employment income of more than one insured individual, the benefits could not be reduced to less than 80 percent of the sum of the average monthly wages of all such insured individuals. If, after reduction as provided above, the total family benefits payable exceeded $200 a month the total for the month

would be reduced to that amount. Whenever a reduction in family benefits is made under this subsection, each benefit, except the old-age insurance benefit, would be proportionately decreased.

Lag recomputation preserved for certain cases

Paragraph (8) of section 102 (e) of the bill provides that in the case of an individual who became entitled (without the application of the retroactive provisions of section 202 (j) (1) of the Social Security Act) to old-age insurance benefits, or died, prior to the day following the month after the month of enactment, the provisions of section 215 (f) (3) of the existing law (regarding recomputation of benefits on application filed 6 months after the month of entitlement or death) would be applicable as though the bill had not been enacted.

Effective date

Section 102 (f) of the bill sets forth the effective date of the provisions of section 102 (a), (b), (c), (d), and (e) of the bill.

Subsection (f) (1) provides that the amendments made by sections 102 (a), (c), (d), and (e) (7) of the bill shall apply, notwithstanding the restrictions on recomputation of benefits in section 215 (f) (1) of the act, in the case of lump-sum death payments with respect to deaths after, and in the case of monthly benefits for months after, the effective date of the bill (the last day of the month following the month in which the bill is enacted).

Under the provisions of subsection (f) (2) (A), the amendment made by subsection (b) (2) (providing for a dropout of up to 5 years of lowest earnings in computing benefits) becomes applicable in the case of monthly benefits for months after August 1954 and the lump-sum death payment in the case of death after August 1954 based on the earnings of an individual only in the following cases:

(1) He first becomes eligible for old-age insurance benefits (i. e., attains age 65 and is fully insured) after August 1954; or

(2) He dies after the effective date without becoming eligible for old-age insurance benefits; or

(3) He is or has been entitled to have a recomputation of his primary insurance amount under section 215 (f) (2) of the act as amended by the bill (relating to work recomputations to take account of earnings after entitlement to old-age insurance benefits) or under subsection (e) (5) (B) of section 102 of the bill (relating to work recomputations of benefits under the present provisions of law in certain cases where application for the recomputation is filed after August 1954; or

(4) He acquires 6 quarters of coverage after June 1953; or

(5) He files an application for a disability determination which is accepted as an application under the provisions of section 216 (i) of the act as amended by the bill; or

(6) He dies after August 1954 and his survivors are entitled (or would be entitled except for the requirement that the recomputation result in a higher primary insurance amount) to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of the act as amended by the bill.

Subsection (f) (2) (B) provides that the primary insurance amount of an individual who was entitled to old-age insurance benefits or who was 65 or over and fully insured in August 1954 and who has 6 quarters of coverage after June 1953 shall be recomputed upon his application, or if he dies without applying, upon the application of any

person entitled on his record to monthly survivors benefits. This recomputation is to be made under section 215 of the act, but without regard to the recomputation provisions in subsection (f) thereof (other than paragraph 3 (C), relating to special recomputations for certain individuals who become entitled to old-age insurance benefits prior to the close of their taxable years), except that in computing his average monthly wage his closing dates shall be the same as if he became entitled to old-age insurance benefits in the month in which he filed his application for such recomputation or in which he died. This recomputation is made effective for and after the 12th month before the month in which the application was filed, but in no case before the 1st month of the quarter in which the individual acquired his 6th quarter of coverage after June 30, 1953, or if he has died, beginning with the 1st month for which the survivor who filed the application was entitled to monthly survivors benefits. It would not be effective unless it increased the primary insurance amount or if there had been a previous recomputation under the subparagraph.

Under this subparagraph as passed by the House, the recomputation, in the case of old-age insurance benefits, was made effective with the month in which the application was filed. The change made by your committee avoids a situation in which individuals on the rolls in September 1954 would have to be notified that they must file applications for the recomputation in October or face the loss of increased benefits for 1 or more months.

Subsection (f) (3) provides that the amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) of section 102 of the bill (relating to computation of the average monthly wage) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits until after August 1954, or who dies after the effective date without becoming entitled to such benefits, or who files an application after August 1954 and is entitled to certain work recomputations or a dropout recomputation.

Subsection (f) (4) provides that the amendments made by section 102 (e) (2) of the bill (relating to work recomputations) shall be applicable only in the case of applications for such recomputations filed after 1954. It also provides that the amendment made by section 102 (e) (4) (relating to survivors recomputations) shall be applicable only in the case of deaths after 1954.

Subsection (f) (5) provides that the amendments made by section 102 (e) (3) (A) of the bill (relating to recomputation of benefits to take account of earnings in the year of entitlement) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after August 1954.

Subsection (f) (6) provides that no increase in benefits by reason of the amendments to the Social Security Act made by section 102 of the bill, other than a recomputation under subsection (e), or by reason of the dropout recomputation provided in subparagraph (B) of subsection (f) (2) of the bill shall be regarded as a recomputation for purposes of section 215 (f) of the act.

Section 102 (g) of the bill amends section 2 (c) (2) (B) of the Social Security Act amendments of 1952 (designed to facilitate the computation of benefit increases under that act for dependents and survivors on the benefit rolls), to provide that that section shall become inap-

plicable for months after August 1954. This section of the 1952 law would be made unnecessary by the amendments in this bill.

Saving provisions

Section 102 (h) of the bill contains saving provisions to prevent the reduction of benefits in certain cases.

Subsection (h) (1) provides that where an old-age insurance beneficiary and one or more dependents are receiving benefits for August 1954 on the basis of his wages and self-employment income and the total family benefits would otherwise be reduced by reason of the maximum limitation on total family benefits in section 203 (a) of the Social Security Act, as amended by the bill, the family shall be guaranteed the largest of the following total amounts: (*a*) The maximum amount permitted by such section 203 (a); or (*b*) the maximum amount permitted under present law plus the increase provided by the bill for the old-age insurance beneficiary; or (*c*) the amount being paid to the family under the saving provisions of the Social Security Act amendments of 1952 plus the increase provided by the bill for the old-age insurance beneficiary. Thus, even though the increase made in the retired worker's old-age insurance benefit resulted in a total family benefit in excess of the maximum allowable under the law, the benefits paid to his dependents would not be reduced for months subsequent to August 1954.

Subsection (h) (2) provides that where two or more individuals are receiving survivors benefits for August 1954 on the basis of a deceased individual's wages and self-employment income, and the total of their benefits would otherwise be reduced, under the provisions of section 203 (a) of the Social Security Act, as amended by the bill, to either 80 percent of the deceased individual's average monthly wage or 1½ times the individual's primary insurance amount, the average monthly wage shall be the larger of his average monthly wage as determined under the bill, or the average monthly wage as determined under present law, plus $7. The provisions of this subsection will permit the total of survivors benefits, in cases of reduction as described above, to be raised by about $5.

Minimum survivor's or dependent's benefit

Section 102 (i) of the bill amends section 202 of the Social Security Act to add a new subsection (m). The new subsection would provide that in any case in which the benefit of any individual for any month under section 202 (other than subsection (a)) is, prior to reduction under section 202 (k) (3), less than $30, and no other individual is entitled (without the application of section 202 (j) (1), making applications retroactive for up to 12 months) to a benefit under section 202 for such month, such benefit for such month shall, prior to reduction under section 202 (k) (3), be increased to $30.

Your committee has eliminated a provision in this subsection, as passed by the House, which would have limited the amount of the lump-sum death payment in any case to a maximum of $255.

Amendments Relating to Deductions From Benefits

Deductions on account of work by beneficiary [1]

Section 103 (a) of the bill amends section 203 (b) of the Social Security Act (relating to deductions from benefits) to put into effect an annual retirement test for beneficiaries whether they have wage or self-employment earnings, or both, and to add a provision for making deductions on account of noncovered remunerative activity outside the United States, and to provide that deductions because of these provisions shall be made from an individual's benefits only for months in which he is under the age of 72, rather than age 75 as in present law.

Paragraph (1) of section 103 (a) strikes out paragraphs (1) and (2) of section 203 (b) (relating to deductions from benefits on account of wages and net earnings from self-employment, respectively) and replaces them with a new paragraph (1) to provide for deductions for any month in which an individual is under age 72 and is charged with any earnings under the provisions of subsection (e) of section 203 as revised by the bill.

Paragraph (2) of section 103 (a) of the bill inserts a new paragraph (2) in section 203 (b) of the law to provide that deductions from benefits shall be made for any month in which an individual is under age 72 and on 7 or more calendar days of which he engaged in noncovered remunerative activity outside the United States (defined in a new section 203 (k) of the act).

This section of the bill differs from that passed by the House in that the deductions because of work apply only to months during which the beneficiary is under age 72, rather than age 75.

Deductions from dependents' benefits on account of work by primary beneficiary

Section 103 (b) of the bill amends section 203 (c) of the act (relating to deductions from dependents' benefits because of work by an old-age insurance beneficiary) by striking out paragraphs (1) and (2) and replacing them with paragraphs that provide that deductions shall be made from the benefits of a wife, husband, or child for any month in which the old-age beneficiary on whose record of earnings the wife's, husband's, or child's benefit was payable:

(1) was under the age of 72, and for which month he was charged with any earnings for work deduction purposes under the provisions of section 203 (e) as amended by the bill; or

(2) was under the age of 72 and on 7 or more different calendar days of which he engaged in noncovered remunerative activity outside the United States.

Your committee has also changed this section from the House bill so that the deductions apply to months in which the working beneficiary is under age 72, rather than age 75.

Charging of earnings treated as event occurring in month

Section 103 (c) of the bill amends section 203 (d) of the Social Security Act to provide that the charging of earnings (rather than net earnings from self-employment only, as in present law) shall be

[1] It should be noted for purposes of this analysis of the amendments made by section 103 of the bill that the deductions from an individual's benefits because of an event occurring in any month (including the charging of earnings to such month) are, both under the existing law and the amendments, equal to his benefits for such month.

treated as an event occurring in the month to which such earnings are charged.

Months to which earnings are charged

Section 103 (d) of the bill amends section 203 (e) of the law to provide a method for charging earnings to particular months of the year for purposes of determining the deductions required under the provisions of sections 203 (b) and 203 (c) of the act as amended by the bill.

Paragraph (1) of section 103 (d) of the bill changes the heading of section 203 (e) of the law to read "Months to Which Earnings Are Charged."

Paragraph (2) of such section 103 (d) amends paragraphs (1) and (2) of section 203 (e) of the law to provide that:

(1) If an individual's earnings for a taxable year of 12 months are not more than $1,200, or if his earnings for a taxable year of less than 12 months are not more than the product of $100 times the number of months in such year, no month in the year shall be charged with any earnings.

(2) If an individual's earnings for a taxable year exceed the amounts stated in the preceding paragraph, the first $80 of excess earnings would be charged to the last month of the taxable year and the balance, if any, of such excess would be charged at the rate of $80 per month to each preceding month of the taxable year until the entire balance has been applied. However, no part of the excess earnings would be charged to any month (1) for which the individual whose earnings are involved was not entitled to a benefit; (2) in which his benefit was suspended because of noncovered remunerative activity outside the United States; (3) in which the beneficiary, if a wife or widow under retirement age or a former wife divorced, had her benefit suspended because of failure to have a child beneficiary in her care; (4) in which the individual was age 72 or over; or (5) in which the individual did not engage in self-employment and did not render services for wages (without regard to the $4,200 limitation in section 209 (a)) of more than $80.

Your committee's provision differs from the House bill by raising the exempt amount of the test from $1,000 for a full calendar year of 12 months to $1,200, with an equivalent increase for taxable years of less than 12 months. This section is also amended to reflect the deletion of section 103 (i) of the House bill, which provided for the deduction, under certain circumstances, from the benefits of dependents and survivors who reside abroad, and the change of the age above which earnings are not charged (because deductions are not imposed) from 75 to 72.

Section 103 (d) (3) amends paragraph (3) (B) of section 203 (e) of the law to provide, in addition to the present authority given the Secretary to presume that an individual has engaged in self-employment in a month, authority to presume (for purposes of charging earnings to calendar months) that an individual rendered services for wages of more than $80 in any month. In the case of self-employment such presumption will apply until it is shown to the satisfaction of the Secretary that the individual rendered no substantial services in such month with respect to any trade or business the net income or loss from which is includible in computing his net earnings or net loss for

the taxable year as provided in paragraph (4) of section 203 (e), as amended. The presumption with respect to the rendering of services in a month for wages (without regard to the $4,200 limitation in section 209 (a)) of more than $80 will apply until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

The amended paragraph continues the authority of the Secretary to prescribe by regulations the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

Paragraph (4) of section 103 (d) adds new paragraphs (4) and (5) to section 203 (e) of the act.

Subparagraph (A) of the new paragraph (4) defines an individual's earnings for a taxable year as the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus any net loss from self-employment for such year.

Subparagraph (B) of the new paragraph (4) provides that in determining the amount of an individual's net loss from self-employment, for purposes of charging earnings to months under section 203 (e), the provisions of section 211 (which define net earnings for coverage purposes) shall apply; and net loss from self-employment is defined as any excess of deductions over income resulting from a computation under the provisions of section 211.

Subparagraph (C) of the new paragraph (4) provides that an individual's wages, for purposes of charging earnings to months under section 203 (e), shall be computed without regard to the $4,200 limitations on the amount of remuneration imposed in section 209 (a) of the act.

The new paragraph (5) provides that, for purposes of charging deductions, wages (determined as provided in sec. 203 (e) (4) (C) of the act as amended) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid for services performed in that year, unless it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. The paragraph also provides that if such reports show the individual's wages for a calendar year, his taxable year will be presumed to be a calendar year until the contrary is shown to the satisfaction of the Secretary.

Your committee has changed these provisions of the House bill so that the earnings defined for purposes of charging deductions are those arising from covered employment and self-employment only. Under the House bill earnings derived from noncovered employment within the United States and net earnings from self-employment from certain noncovered trades and businesses would have been included for purposes of deductions.

Penalty for failure to report certain events

Section 103 (e) of the bill amends section 203 (f) of the Social Security Act to provide that any individual who is receiving benefits (whether for himself or on behalf of another individual) subject to deduction because of the occurrence of an event other than earnings in excess of the permitted amount, who fails to report such event to the Secretary prior to the receipt and acceptance of a benefit for the second month following the month in which the event occurred, shall suffer

a penalty of an additional deduction of 1 month's benefit for each month for which deductions are required because of the occurrence of the deduction event, and in an amount equal to the deduction imposed because of the occurrence of the event. For the first failure to report, however, only 1 penalty deduction is to be imposed, even though the failure to report is with respect to more than 1 month.

This provision is the same as that in the House bill except for a minor amendment to reflect the deletion of section 103 (i) of that bill (which provided for deductions, under certain circumstances, from the benefits of dependents and survivors who reside abroad).

Report of earnings to Secretary

Section 103 (f) (1) of the bill changes the heading of section 203 (g) of the act to read: "Report of Earnings to Secretary".

Section 103 (f) (2) of the bill amends section 203 (g) (1) of the act to provide that if an individual entitled to any monthly benefit in a taxable year has earnings (or wages) in the taxable year in excess of the product of $100 times the number of months in such year, he (or the individual who is in receipt of benefits on his behalf) must make a report to the Secretary of his earnings (or wages) for such taxable year. As under the present provision for reports of net earnings from self-employment, the report must be filed on or before the 15th day of the 3d month following the close of the taxable year, and must contain such information and be made in such manner as the Secretary may by regulation require. Except for the change in the exempt amount of earnings for a taxable year this provision is the same as in the House bill.

Section 103 (f) (3) further amends section 203 (g) (1) to provide that the report required under the section need not be made for any taxable year beginning with or after the month in which the individual attained the age of 72, rather than the age of 75 as in the House bill and present law.

Section 103 (f) (4) amends section 203 (g) (2) to provide a schedule of penalty deductions for failure to make required reports within the time prescribed by paragraph (1) of section 203 (g) if any deduction is imposed because of earnings in such year. For the first failure to file a timely report for a taxable year with respect to which a deduction is imposed, the penalty would be an additional deduction equal to the individual's benefit (or benefits) for the last month (for which he was entitled to a benefit) of the year for which the report was required. For the second such failure, the penalty would be an additional deduction equal to twice the benefit (or benefits) for the last month of such year, and for the third and subsequent failures, to three times such benefits. In no case would the number of additional deductions with respect to a failure to report earnings for a taxable year exceed the number of months in that year for which the individual received and accepted monthly benefits and for which deductions are imposed by reason of his earnings. The amended paragraph also provides that in determining whether a failure to report earnings is the first or subsequent failure for any individual, the Secretary shall disregard all taxable years ending prior to the imposition of the first penalty deduction imposed under the amended paragraph, except the latest such year. Thus, even though the failure to file timely returns had persisted over a period of years, only one

additional deduction would be imposed, and that for the latest such year.

Section 103 (f) (5) of the bill amends paragraph (3) of section 203 (g) of the act (dealing with reporting of net earnings from self-employment) to make the provisions of such paragraph (3) applicable to earnings from both employment and self-employment (as defined in sec. 203 (e) (4) of the act as amended), rather than to net earnings from self-employment only, and to relate the paragraph to the provisions under which deductions are made because of earnings. A new sentence is added at the end of such paragraph (3) to provide that if, after the close of a taxable year, an individual fails to comply with a request of the Secretary for a report of his earnings for the taxable year or for any other information with respect to such earnings, the failure to comply would in itself constitute justification for a determination that the individual's benefits are subject to deduction because of earnings for each month in such taxable year, or for such months thereof as the Secretary may specify.

Section 103 (f) (6) amends section 203 (j) to provide that an individual shall, for purposes of this section, be considered as 72 years of age during the entire month in which he attains that age. The heading of this section is also changed to reflect this change of age.

Your committee added this provision as part of its amendments reducing the age, above which the retirement test does not operate, from 75 to 72.

Noncovered remunerative activity outside the United States

Section 103 (g) of the bill adds a new subsection (k) to section 203 of the Social Security Act. The new subsection provides that an individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services as an employee outside the United States that are not covered employment as defined in section 210 of the Social Security Act, or if he carries on a trade or business outside the United States, the net income or loss of which cannot be included in computing his net earnings from self-employment for a taxable year, and would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). The term "United States," when used with respect to a trade or business, would exclude Puerto Rico and the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands).

For purposes of this section, the term "trade or business" would have the same meaning as in section 162 of the 1954 Internal Revenue Code. Here, as in other provisions of the Social Security Act amended by the bill, the references to the code have been changed to the 1954 Code already agreed to by the House and Senate conferees.

Good cause for failure to make reports required

Section 103 (h) of the bill adds a new subsection (l) to section 203 to provide that the failure of an individual to make any report within the time required by subsection (f) or (g) of section 203 as amended by the bill would not be regarded as a failure to file if it is shown to the satisfaction of the Secretary that the individual had good cause for failing to make the report. The Secretary would have authority

to determine by regulation what constitutes "good cause" in such situations.

Section 103 (i) provides effective dates for the various amendments made by the bill in section 203 of the Social Security Act.

Paragraph (1) of section 103 (i) provides that the amendments made with respect to deductions from an individual's benefits because of his own earnings shall be applicable in the case of monthly benefits for months in any taxable year (of the entitled individual) beginning after December 1954. With respect to dependents from whose benefits deductions are made because of earnings by the insured individual, the amended provisions would be applicable in the case of months in any taxable year (of such insured individual) beginning after December 1954. With respect to failure to file timely reports of the events causing deductions other than the charging of earnings, the new provisions would be applicable in the case of monthly benefits for months after December 1954. The remaining amendments made by section 103 of the bill (other than subsec. (h), which would become effective on enactment of the bill) would be applicable, with respect to old-age insurance benefits, in the case of monthly benefits for months in any taxable year (of the individual) beginning after December 1954, and with respect to secondary benefits, in the case of monthly benefits for months in any taxable year (of the insured individual on whose earnings those benefits are based) beginning after December 1954.

Paragraph (2) of section 103 (i) provides that, after enactment of the bill, no additional (penalty) deductions would be imposed under the provisions of present law for failure to file a report of an event which would give rise to deductions because of work under present law, and no deductions for such reasons imposed prior to enactment would be collected after enactment. Taxable years beginning prior to January 1955 would be disregarded in determining whether a failure to file a timely report occurred under section 203 (g) (2) as amended by the bill.

Paragraph (3) of section 103 (i) provides that for those months after 1954 for which subsections (b) (1), (b) (2), (c), (e), and (j) of the present section 203 of the Social Security Act are still in effect, they shall be amended by substituting age "72" for age "75".

Your committee has added paragraph (3) to the corresponding section of the House bill and has amended paragraph (1) to remove the reference to the deleted section 103 (i) of the House bill.

Increase in Earnings Counted

Section 104 of the bill amends the Social Security Act so as to increase from $3,600 to $4,200 a year the maximum amount of earnings that may be counted in the computation of benefits under the old-age and survivors insurance program.

Section 104 (a) of the bill amends section 209 (a) of the act (relating to the definition of "wages") to provide that, for years after 1950 and prior to 1955, the term "wages" would exclude any remuneration in excess of $3,600 paid to an individual with respect to employment in any calendar year, and for years after 1954 would exclude any remuneration in excess of $4,200 paid to an individual with respect to employment during a calendar year.

Section 104 (b) of the bill amends section 211 (b) (1) of the act (relating to the definition of "self-employment income") to exclude from self-employment income, for taxable years ending after 1954, any amount in excess of $4,200 minus the amount of the wages paid to an individual during the taxable year.

Section 104 (c) amends clauses (ii) and (iii) of section 213 (a) (2) (B) of the act (relating to the definition of "quarter of coverage") to provide that for calendar years after 1954, an individual shall be credited with a quarter of coverage for each quarter of the year if his wages for that year equal $4,200. He would also be credited with a quarter of coverage for each quarter of a taxable year ending after 1954 in which the sum of his wages and self-employment income equal $4,200. The crediting of quarters of coverage under those amended provisions would remain subject to the limitations in the law, such as that providing that no quarter occurring after the quarter in which an individual dies shall be a quarter of coverage, and the prohibition against counting a quarter as a quarter of coverage prior to the beginning of such quarter.

Section 104 (d) amends section 215 (e) (1) of the act to provide that earnings up to $4,200, in any calendar year after 1954, shall be used in the computation of an individual's average monthly wage.

Retroactive Applications for Benefits

Section 105 (a) of the bill amends section 202 (j) (1) of the Social Security Act to increase from 6 to 12 the number of months for which benefits may be paid retroactively to individuals who fail to file their applications as soon as they are otherwise eligible.

Section 105 (b) of the bill provides that the liberalized provisions with regard to retroactivity of benefit payments are to become effective only in the case of applications for monthly benefits filed after August 1954. However, no individual would be entitled to a retroactive benefit payment by reason of the amendment, for any month prior to February 1954.

Preservation of Insurance Rights of Individuals With Extended Total Disability

Under existing law entitlement to benefits depends upon insured status, and the amount of benefits depends, in general, upon average monthly wage. If an individual becomes disabled he may lose his insured status. If he does not lose his insured status, his average monthly wage will in nearly all cases be reduced.

Section 106 of the bill would protect certain individuals from having their insured status and their average monthly wage adversely affected while they are under an extended total disability.

Quarter of coverage

Section 106 (a) amends section 213 (a) (2) of the Social Security Act, which defines "quarter of coverage."

Paragraph (1) of this subsection amends subparagraph (A) of section 213 (a) (2) of the Social Security Act by redefining "quarter of coverage," in the case of quarters occurring before 1951, to exclude any quarter any part of which was included in a period of disability, other than the initial quarter of such period. In addition, any quarter

any part of which was included in a period of disability (other than the first quarter of such period) could not be counted as a quarter of coverage in a calendar year in which wages of $3,000 or more were paid. Existing law, as applied to calendar years before 1951, provides that each quarter of such year following the first quarter of coverage shall be deemed a quarter of coverage, except any quarter in such year in which the individual died or became entitled to a primary insurance benefit and any quarter following such quarter in which he died or became entitled.

Paragraph (2) amends subparagraph (B) (i) of section 213 (a) (2) of the Social Security Act by redefining "quarter of coverage," for quarters occurring after 1950, to exclude any quarter any part of which was included in a period of disability, other than the first and last quarters of such period. Since an individual's period of disability will not necessarily consist of full calendar quarters, a substantial amount of wages may have been paid to him in the early part of the calendar quarter in which his period of disability began or in the latter part of the calendar quarter in which his period of disability ended. This provision, while generally preventing the crediting of quarters of coverage for calendar quarters in a period of disability, recognizes that the first and last calendar quarters in such a period might help the individual, e. g., in meeting the insured status requirements.

Insured status

Section 106 (b) of the bill excludes from the elapsed period under section 214 (a) (2) (A) of the act (relating to fully insured status) and from the elapsed period under section 214 (b) of the act (relating to currently insured status) any quarter any part of which was included in a period of disability, unless such quarter was a quarter of coverage.

Average monthly wage

Section 106 (c) amends section 215 (b) (1) of the act (defining average monthly wage) and section 215 (e) of the act (relating to certain wages and self-employment income not to be counted in computing the average monthly wage) to exclude from the divisor (the elapsed months) any month in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, and to exclude from the dividend (total of wages and self-employment income): (1) The wages paid in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, and (2) any self-employment income for any taxable year all of which was included in a period of disability.

In order to extend this protection to individuals whose benefits are computed in the future through the conversion table under section 215 (c) of the law and to those individuals who are now on the rolls and whose benefits were computed through the conversion table, section 106 (c) also amends section 215 (d) of the act so as to exclude, wherever necessary, in the computation of the primary insurance benefit of such individuals, any quarter prior to 1951 which was included in a period of disability unless it was a quarter of coverage, and to exclude from such computation any wages paid in any quarter so excluded.

Definition of disability and period of disability

Section 106 (d) of the bill amends section 216 of the act (relating to certain definitions) by adding new subsection (i) defining the terms "disability" and "period of disability."

Paragraph (1) of the new subsection (i) defines "disability" as inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.

"Blindness" also constitutes "disability." "Blindness" is defined as central visual acuity of 5/200 or less in the better eye with a correcting lens; an eye in which the visual field is reduced to 5° or less concentric contraction is considered as having a central visual acuity of 5/200 or less. A medical finding of blindness, as defined, would alone be sufficient proof that an individual is under a "disability." Individuals with a visual handicap which does not meet this definition may, nevertheless, meet the general definition of disability if they are found unable to engage in any substantial gainful activity by reason of visual impairment which can be expected to be permanent.

The paragraph also requires an individual filing an application for a disability determination to submit such proof of the existence of his disability as may be required.

Paragraph (1) of the new section 216 (i) of the act also provides that nothing in title II shall be construed as authorizing the Secretary of Health, Education, and Welfare or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

Paragraph (2) of the new subsection (i) of the act defines a "period of disability" as being a continuous period of not less than six full calendar months during which an individual is under a disability. To qualify for a period of disability an individual must, while he is under a "disability," file an application for a disability determination and meet the requirements as to quarters of coverage contained in paragraph (3). While there will be cases in which regulations will permit the application to be filed on behalf of the disabled individual by someone else, because his impairment is of such a nature that he is unable to file it himself, the application cannot be filed on his behalf after his death. The paragraph further provides that a period of disability cannot begin after the individual attains retirement age (age 65).

A period of disability would start on the day the disability actually began, or on the first day of the 1-year period which ends with the day before the day on which the individual files his application, whichever occurs later, provided the individual satisfies the quarters of coverage requirements of paragraph (3) on such day. However, if the individual does not satisfy the quarters of coverage requirements of paragraph (3) on such day, his period of disability would begin on the first day of the first quarter thereafter in which he satisfies such requirements. A period of disability would end at the close of the month in which either the disability ceased or the individual attained retirement age. An application for a disability determination would remain effective for 3 months after its filing; if the individual has

not in that time met the remaining conditions of eligibility, a new application would be required. The earliest date on which an application can be filed is January 1, 1955.

Paragraph (3) of subsection (i) provides that in order for a period of disability to begin with respect to any quarter, the individual must have not less than six quarters of coverage (as defined in sec. 213 (a) (2)) during the 13-quarter period which ends with such quarter; and 20 quarters of coverage during the 40-quarter period which ends with such quarter, not counting as part of the 13-quarter period or the 40-quarter period any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

Retroactivity

Paragraph (4) of section 216 (i) provides that, for applications filed after December 1954 and before July 1957, with respect to a disability which began before July 1956 and continued without interruption until the application was filed, an individual's period of disability shall begin on the day the disability began but only if he met on such day the requirements as to quarters of coverage set forth in paragraph (3). If he did not meet such requirements on such day, then such period shall begin on the first day of the first quarter thereafter in which he met such requirements. The provisions of this paragraph apply, however, only if the individual does not die prior to July 1, 1955.

Under this paragraph, a period of disability could begin as early as the fourth quarter of 1941, the earliest day the individual could have acquired 20 quarters of coverage (as required by paragraph (3)).

Wage credits for military service

Subsection (e) of section 106 of the bill amends section 217 of the act (relating to wage credits provided for service in the Armed Forces) to provide that such wage credits may be used for purposes of determining an individual's eligibility for a period of disability whether or not they can be used for purposes of determining entitlement to and the amount of old-age and survivors insurance benefits. There is a prohibition against the use of military service wage credits for benefit purposes in cases in which the wage credits are used as a basis for another Federal nonveterans benefit.

Because of the deletion by your committee of the section in the House-passed bill dealing with deductions from benefits of certain dependents and survivors residing outside the United States, a purely drafting change was necessary, and has been made, in the amendment made by paragraph (3) of section 106 (e) of the bill.

Use of railroad compensation for disability purposes

Subsection (f) of section 106 amends section 5 (k) of the Railroad Retirement Act of 1937, as amended (relating to the crediting of railroad industry service under the Social Security Act in certain cases) so that railroad compensation can also be used for purposes of determining an individual's eligibility for a period of disability.

Saving provision, disability determinations, and referral for rehabilitation services

Section 106 (g) of the bill amends title II of the Social Security Act by the addition of three new sections after section 219.

The new section 220 contains a saving provision which makes the disability provisions inapplicable if their application would result

in the denial of monthly benefits or a lump-sum death payment otherwise payable, or would result in a reduction of any such benefit or payment. Under this section the provisions relating to periods of disability would not apply in the case of any monthly benefit or lump-sum death payment if such benefit or payment would be greater without the application of the provisions. Thus, for example, section 220 permits a blind individual who, subsequent to establishing a period of disability, receives wages or derives self-employment income to include the amount thereof in his benefit computation (with the months and quarters in the period being counted as elapsed months and quarters), if this would produce a higher benefit than if he was credited with a period of disability. He could not, however, include some periods of disability and not others. The choice is on an all or none basis.

The new section 221 sets forth the conditions under which disability determinations shall be made for individuals qualified under the amendments made by this bill.

Subsection (a) provides that determinations of whether or not an individual is under a disability and of the day such disability began and determinations of the day such disability ceases shall, except as provided in subsection (g), be made by State agencies pursuant to agreements with the Secretary of Health, Education, and Welfare. These determinations would be considered as determinations of the Secretary, except as provided in subsections (c) and (d).

Subsection (b) of the new section 221 provides that the Secretary shall enter into agreements with States for the making of disability determinations by the vocational rehabilitation agencies or any other appropriate State agencies of such States. An agreement may cover all persons in the State or only certain classes of individuals in the State, as may be designated in the agreement at the State's request.

Subsection (c) gives the Secretary the authority to review, on his own motion, any determination made by a State agency that a disability exists, and authorizes the Secretary, as a result of such review, to make a finding that no disability exists or that the disability began later than determined by the State agency, or that the disability ceased earlier than determined by the State agency.

Subsection (d) of the new section 221 gives any individual, dissatisfied with a determination by a State or the Secretary, the right to a hearing by the Secretary and to judicial review of the final decision of the Secretary after such hearing, to the same extent as provided in section 205 (b) and section 205 (g) of present law.

Subsection (e) authorizes the Secretary to certify for payment from the trust fund the cost to the State of carrying out the terms of an agreement under this section. These payments may be made in advance or by way of reimbursement, and prior to audit or settlement by the General Accounting Office.

Subsection (f) requires that all money paid to a State under this section be used solely for the purposes for which it is paid and that any money not used for such purposes shall be returned for deposit in the trust fund.

Subsection (g) of the new section 221 authorizes the Secretary to make disability determinations for individuals in any State which has no agreement under subsection (b), for any classes of persons not included in an agreement with the State, and for persons outside the United States.

The new section 222 of the Social Security Act declares it to be the policy of the Congress that disabled individuals applying for determinations of disability be promptly referred to State vocational rehabilitation agencies for necessary rehabilitation services, so that the maximum number of disabled persons may be restored to productive activity.

Effective date

Section 106 (h) provides that the foregoing disability provisions will take effect with respect to monthly benefits payable for months after June 1955, and with respect to lump-sum death payments in the case of deaths after June 1955. Increases resulting from recalculation of benefits to exclude periods of disability will be excepted from the limitations placed on benefit recomputations by section 215 (f) of the law.

Aside from a few technical changes noted under subsection (g), above, the provisions of section 106 are identical with those passed by the House.

Deletion of Earnings During Unlawful Residence in the United States; Termination of Benefits on Deportation

In the bill as passed by the House, section 107 provided for deleting from an individual's record all wages and self-employment income derived during any period he was unlawfully in the United States. Section 108 of the House-passed bill provided for termination of benefits based on the wages and self-employment income of individuals deported for unlawful entry, conviction of a crime, or subversive activity. These two sections have been deleted by your committee.

Insured Status

Section 107 of the bill as reported amends the definition of fully insured individual (sec. 214 (a) of the Social Security Act) by redesignating paragraph (3) as paragraph (4) and inserting a new paragraph (3) to provide an alternative basis for meeting the fully insured status test, applicable to individuals who are living on January 1, 1955. Any such individual with respect to whom all the quarters elapsing after 1954 and prior to the later of (1) July 1, 1956, or (2) the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, would be fully insured. The amendment would permit individuals newly covered on January 1, 1955, who are steadily employed and have at least six quarters of coverage after 1954 to become fully insured at death or attainment of age 65 even though they cannot meet the requirement in present law that an individual must have quarters of coverage equal to at least half the number of quarters elapsing after 1950 and prior to the quarter of death or attainment of age 65. The provision will be operative only with respect to deaths or attainment of age 65 prior to October 1, 1958, since any individual who has a quarter of coverage for each quarter elapsing after 1954 and prior to the quarter of death or attainment of age 65, if such quarter occurs after September 1958, would meet the requirements of present law.

In view of the change made by your committee in the provisions for coverage of agricultural workers, we have deleted from this section

of the bill as passed by the House a provision for crediting quarters of coverage for such workers on the basis of reports of their annual earnings.

Benefits in Certain Cases of Deaths Before September 1950

Section 108 (a) of the bill provides that any individual who died prior to September 1, 1950, and was not fully insured under the provisions of the Social Security Act in effect at that time, and who had not less than six quarters of coverage, shall be deemed to be fully insured at the time of death (except for purposes of determining the entitlement of a former wife divorced to mother's insurance benefits). Thus, dependent widowers would not qualify for benefits under this amendment since dependent widower's benefits are payable only in the case of deaths occurring after August 1950.

The primary insurance amount of such an individual would be computed only through the conversion table in the bill, using the benefit formula in the act prior to September 1950 and the conversion table contained in this bill. If the individual had been currently insured at the time of his death, and any other person had been entitled to a monthly benefit or lump-sum death payment on the basis of his wages, the primary insurance benefit for the purposes of this section would be computed under the act as in effect prior to September 1950 (i. e., the primary insurance benefit originally computed for him would be used—this provision was inserted by your committee). In all other cases, the benefit would be computed under the provisions of section 215 (d) (4) of present law, except that the individual's closing date would be the first day of the quarter in which he died.

The requirement that proof of support by a deceased individual must be filed within 2 years of the date of his death would be waived, in cases to which the amendments made by section 108 are applicable, if such proof is filed before September 1956.

Subsection (b) of section 108 of the bill provides that the provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the act for months after August 1954, on the basis of applications filed after that month.

Elimination of Requirement of Filing Application in Certain Cases

Section 109 of the bill amends several subsections of section 202 of the Social Security Act to eliminate the requirement of filing an application in the case of certain types of benefits in specified situations.

Subsection (a) of the section amends subsection (e) (1) (C) of section 202 of the act to provide that applications for widow's insurance benefits would not be required if the widow was entitled to a wife's insurance benefit for the month preceding the wage earners' death (this is existing law) or a mother's insurance benefit in the month prior to the month in which she attained retirement age.

Subsection (b) amends subsection (g) (1) (D) of section 202 to provide that applications for mother's insurance benefits would not be required if the widow was entitled to a wife's insurance benefit for the month preceding the month in which the insured individual died.

Subsection (c) amends subsection (i) of section 202 to provide that an application for a lump-sum death payment would not be required from an individual who was entitled to wife's or husband's insurance benefits for the month preceding the month in which the insured individual died.

Technical Amendments

Subsection (a) of section 110 of the bill amends section 204 (a) of the Social Security Act (dealing with adjustment of overpayments and underpayments) to insert the words "self-employment income" in one line of the subsection, thereby correcting an omission in the wording of the subsection.

Subsection (b) of section 110 amends section 208 of the Social Security Act to make it clear that the penalty provisions of that section extend to cases of false statements or representations as to the amount of net earnings from self-employment derived or the period during which derived.

Repeal of Requirement of Certain Deductions

Section 113 (a) of the bill repeals section 203 (i) of the act, which requires deductions from monthly benefits of the amount of a lump sum paid under section 204 of the 1935 Social Security Act; such deductions would be discontinued effective with benefits for any month after August 1954.

Section 111 (b) of the bill amends section 907 of the Social Security Act Amendments of 1939, effective with benefits for any month after August 1954, to discontinue deductions from monthly benefits for unpaid taxes on wages for services performed in 1939 after the attainment of age 65.

Proof of Support by Husband or Widower in Certain Cases

Section 112 (a) of the bill provides that, for the purpose of determining the entitlement of the husband of an insured woman to husband's insurance benefits under section 202 (c) of the Social Security Act, he shall be deemed to meet the dependency requirements of paragraph (1) (D) of the section if (1) he was receiving at least one-half of his support (as determined in accordance with regulations prescribed by the Secretary) from his wife on the first day of the first month in which she was both entitled to old-age insurance benefits and such benefits were not subject to deductions under paragraph (1) or (2) of section 203 (b) of such act (as in effect either before or after the enactment of the bill) by reason of earnings in excess of the amount permitted by the retirement test in such section; (2) he filed proof of such support within 2 years after the first month, mentioned in item (1), above; and (3) his wife was (without the application of the retroactive provisions of section 202 (j) (1) of such act) entitled to a primary insurance benefit under such act for August 1950.

Subsection (b) of section 112 provides that, for the purpose of determining the entitlement of the widower of an insured woman to widower's insurance benefits under section 202 (f) of the Social Security Act, he shall be deem edto meet the dependency requirements of paragraph (1) (E) (ii) of such section if (1) he was receiving at least

one-half of his support from his wife, and she was a currently insured individual, on the first day of the first month in which she was both entitled to old-age insurance benefits and such benefits were not subject to deductions under paragraph (1) or (2) of section 203 (b) of such act (as in effect either before or after the enactment of the bill) by reason of earnings in excess of the amount permitted by the retirement test; (2) he has filed proof of such support within 2 years after the first month mentioned in item (1), above, and (3) his wife was entitled (without the application of the retroactive provisions of section 202 (j) (1) of such act) to a primary insurance benefit for August 1950.

Subsection (c) of section 112 provides that, for purposes of determining the entitlement of a widower under subsection (b) (1) of the section, and for purposes of determining the entitlement of a husband under section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of section 114 of the bill is applicable, the wife of an individual shall be deemed to be a currently insured individual if she had not less than 6 quarters of coverage during the 13-quarter period ending with the calendar quarter in which occurs the first month in which she was both entitled to an old-age insurance benefit and such benefit was not subject to deductions under paragraph (1) or (2) of section 203 (b) of the Social Security Act (as in effect before or after the enactment of the bill) because of earnings in excess of the amount permitted by the retirement test.

Subsection (d) of the section provides that the section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such Act, for months after August 1954, and only with respect to benefits based on applications filed after such month.

Definition

Section 113 of the bill defines "Secretary," as used in the provisions of the Social Security Act amended by the bill, to mean the Secretary of Health, Education, and Welfare.

Covered Employment Not Counted Under Other Federal Retirement Systems

Section 114 of the bill provides that service for the Federal Government which is covered by old-age and survivors insurance shall not be credited toward benefits (other than a benefit under title II of the Social Security Act or a benefit under the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof. This provision would be applicable to any service performed after 1954 by an individual as an officer or employee of the United States or any instrumentality thereof.

This provision applies only to Federal service which constitutes employment as defined in section 210 (a) of the Social Security Act. Thus it would not prevent the crediting of military service under another retirement system even though, under section 217 of that act, $160 is credited for old-age and survivors insurance purposes for each month of such service.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954 AND INTERNAL REVENUE CODE OF 1939

General Statement

Title II of the House bill contains amendments to the Internal Revenue Code of 1939. Under your committee's bill, title II, with one exception, consists of amendments to the Internal Revenue Code of 1954 (H. R. 8300, 83d Cong., 2d sess.). A considerable number of the changes made by your committee in the House bill consist merely of redesignating references to sections of the Internal Revenue Code of 1939 to the corresponding sections of the Internal Revenue Code of 1954, and conforming the provisions of the bill to the style of the 1954 Code. All references in this portion of your committee's report to the "Internal Revenue Code" or the "code" are to the Internal Revenue Code of 1954.

AMENDMENTS TO DEFINITIONS TO SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

Section 201 of the bill, as does section 201 of the House bill, contains amendments to the provisions relating to the tax on self-employment income. The House bill would extend the application of the self-employment tax, on a compulsory basis, to self-employed farmers, to self-employed ministers of a church and members of a religious order, and to self-employed lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, optometrists, Christian Science practitioners, architects, certified public accountants, accountants registered or licensed as accountants under State or municipal law, full-time practicing public accountants, funeral directors, and professional engineers. Services performed by these individuals in such capacity are excluded from the self-employment tax under existing law. Your committee has deleted these provisions of the House bill and certain additional provisions dealing exclusively with such extension of coverage. Your committee's bill, does, however, contain amendments to the code to extend coverage, on a voluntary basis, to service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order (other than a member of a religious order who has taken a vow of poverty as a member of such order). This extension of coverage on a voluntary basis is applicable to ministers and members of religious orders whether they perform service of the type to which these provisions are applicable as employees or as self-employed individuals.

Subsection (a) of this section, which corresponds to section 201 (b) (1) of the House bill, amends section 1402 (b) of the code by increasing the limitation on self-employment income subject to the self-employment tax for taxable years ending after 1954 from $3,600 to $4,200.

Subsection (b) of this section, which corresponds to section 201 (b) (2) of the House bill, amends section 1402 (b) of the code to include as "wages," for purposes of computing "self-employment income," remuneration of United States citizens employed by a foreign subsidiary of a domestic corporation which has entered into an agreement pursuant to section 3121 (l) of the code, added by section 208 of the

bill, for the purpose of having the insurance system established by title II of the Social Security Act extended to service performed by such citizens.

Subsection (c) (1) of this section amends section 1402 (c) (2) of the code by removing from the definition of "trade or business" the exclusion, presently contained in such section, of the performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order, when the performance of such service is rendered by an individual as an employee. The effect of this provision is to make paragraph (4) of section 1402 (c) applicable to all service performed by a minister or by a member of a religious order, in his capacity as such, irrespective of whether the individual in the performance of such service is an employee or a self-employed individual. (Section 1402 (c) (4) of existing law excludes from the term "trade or business" the performance of services by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order.)

Subsection (c) (2) of this section amends section 1402 (c) of the code so as to make the provisions of paragraph (4) of such section inapplicable to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by a minister or a member of a religious order during the period for which a certificate filed by such individual under section 1402 (e), as added by the bill, is in effect.

Subsection (c) (3) of this section would add a new subsection (e) (not contained in the House bill) to section 1402 of the code, which is made necessary by reason of your committee's action extending coverage to ministers and members of a religious order on a voluntary basis. This subsection provides that any individual who is a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) may file a certificate certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service performed by him in the exercise of his ministry or as a member of a religious order. Such an election may be made only by filing a certificate in such form and manner, and with such official, as may be prescribed by regulations of the Secretary of the Treasury or his delegate.

The certificate must be filed on or before the due date of the return (determined with regard to any extension of time granted for filing such return) for the individual's second taxable year (whether or not consecutive) ending after 1954 for which he has net earnings from self-employment (computed without regard to paragraph (4) of section 1402 (c), relating to the definition of trade or business for purposes of the self-employment tax) of $400 or more, some part of which was derived from the performance by the individual of service in the exercise of his ministry or as a member of a religious order. Thus, a minister who performs service in the exercise of his ministry during 1955 and 1956 and who would have "net earnings from self-employment" for each of such years of $400 or more if the performance of such service were not excluded from the definition of trade or business would not be permitted to file a certificate after the due date for filing his income-tax

return for the taxable year 1956. In determining the period during which a certificate may be filed, there shall not be included any taxable year for which a minister or a member of a religious order (1) has no income from the performance of service in the exercise of his ministry or as a member of a religious order, or (2) has income from the performance of such service which would not constitute "net earnings from self-employment" if such service were included within the term "trade or business."

A certificate filed by a minister or a member of a religious order shall be effective for the first taxable year with respect to which it is filed and for all succeeding taxable years. A certificate may be made effective with respect to a particular taxable year only if it is filed on or before the due date for filing the income-tax return for such taxable year. Thus, if an individual files his income-tax return on a calendar-year basis and the due date for his return for the calendar year 1955 is April 15, 1956, a certificate to be effective for the calendar year 1955 must be filed on or before April 15, 1956. If such individual files a certificate after April 15, 1956, and before the due date of his income-tax return for the calendar year 1956, the first taxable year for which the certificate may be effective is the calendar year 1956. An election to have the insurance system established by title II of the Social Security Act extended to service of the type here involved which is exercised by the filing of a certificate may not thereafter be revoked.

Section 201 (d) provides that the amendments made by section 201 are applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

Section 202 of the bill corresponds to section 202 of the House bill.

Section 202 (a) (1) of the bill amends section 6413 (c) (1) of the Internal Revenue Code, relating to special refunds of employee tax paid on aggregate wages in excess of $3,600 received by an employee from more than 1 employer during a calendar year, so as to conform the special-refund provisions to the increase made by the bill in the limitation on wages from $3,600 to $4,200.

Section 1401 (d) (3) of the Internal Revenue Code of 1939 presently provides that no special refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which he received the wages with respect to which refund of tax is claimed; and (B) such claim is made within 2 years after the calendar year in which such wages were received. Section 202 (a) (2) amends such section 1401 (d) (3) so as to provide an exception to this provision in the case of an employee of a State or any political subdivision thereof whose services are covered, for purposes of title II of the Social Security Act, by reason of an agreement (or modification) pursuant to section 218 of the Social Security Act which is effective as of a date more than 2 years prior to the date such agreement (or modification) was agreed to. It would allow a special refund to be made in the case of such employees, if claim for such refund is made within 2 years after the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare. The amendment is made to the Internal Revenue Code of 1939, rather than to the Internal Revenue Code of 1954, since the

statutory period with respect to the allowance of credit or refund of such amounts is prescribed by the 1939 code.

Section 202 (b) (1), which corresponds to section 202 (b) (1) of the House bill, merely makes a change in the heading of section 6413 of the code.

Paragraph (2) of section 202 (b) of the bill amends section 6413 (c) (2) (A) of the code, relating to special rules applicable to special refunds in the case of Federal employees, so as to conform the provisions thereof to the increase made by the bill in the limitation on wages from $3,600 to $4,200.

Paragraph (3) of section 202 (b) of the bill, which corresponds to section 202 (b) (3) of the House bill, amends section 6413 (c) (2) of the code by adding at the end thereof a new subparagraph (C), relating to special refunds in the case of citizens of the United States performing services outside the United States for a foreign subsidiary corporation of a domestic corporation which has entered into an agreement under section 3121 (1) of the code (added by sec. 208 of the bill) for the purpose of obtaining coverage under title II of the Social Security Act for such employees. (For a discussion of the circumstances and conditions under which a domestic corporation may enter into such an agreement, see in this report the explanation of sec. 208 of the bill.) Such new subparagraph (C) would make the special-refund provisions in section 6413 (c) of the code applicable to amounts deducted in any calendar year after the calendar year 1954 from the remuneration of employees whose services are covered under title II of the Social Security Act by reason of such an agreement. For purposes of special refunds in the case of amounts paid pursuant to any such agreement the term "employer" includes a domestic corporation; the term "wages" includes remuneration for services covered by such an agreement; and the term "tax" or "tax imposed by section 3101" includes an amount equivalent to the employee tax which would be imposed if the services covered by the agreement constituted employment as defined in section 3121 of the code.

Subsection (c) of section 202 of the bill, which corresponds to section 202 (c) of the House bill, amends section 3122 of the code so as to conform such section to the increase made by the bill in the limitation on wages from $3,600 to $4,200.

Subsection (d) of section 202 provides that the amendments made by subsections (a) (1), (b), and (c), relating to the increase in the limitation on wages from $3,600 to $4,200, shall be applicable only with respect to remuneration paid after 1954, and that the amendment to the 1939 Code made by subsection (a) (2) shall be effective as if it had been enacted as a part of section 1401 (d) (3) of the Internal Revenue Code of 1939 as added by section 203 (c) of the Social Security Act Amendments of 1950.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

Section 203 (a) of the House bill would amend section 1420 (e) of the Internal Revenue Code of 1939, which relates to the collection and payment of the employee and employer taxes imposed with respect to certain services performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the

United States. This provision of the House bill was made necessary by section 205 (d) of the House bill which would amend the definition of employment contained in section 1426 (b) of the Internal Revenue Code of 1939 so as to remove the exclusion from employment of services performed by certain civilian employees in Coast Guard exchanges and other Coast Guard activities. Since your committee's bill does not extend coverage to services performed by these civilian employees in Coast Guard exchanges and other Coast Guard activities, section 203 (a) of the House bill is unnecessary and has been deleted.

AMENDMENTS TO DEFINITION OF WAGES

Section 203, which corresponds to section 204 of the House bill, amends section 3121 (a) of the Internal Revenue Code which defines the term "wages" for purposes of the Federal Insurance Contributions Act.

Subsection (a) of this section of the bill amends section 3121 (a) (1) of the code, relating to the $3,600 limitation on remuneration which constitutes wages. Section 3121 (a) (1) provides that the term "wages" does not include that part of the remuneration paid within any calendar year by an employer to an employee which exceeds the first $3,600 of such remuneration (exclusive of remuneration excepted from wages by the succeeding paragraphs of sec. 3121 (a)) paid within such calendar year by such employer to such employee for employment. The amendment would increase the amount of the limitation from $3,600 to $4,200 but otherwise would make no change in the provisions of section 3121 (a) (1).

Subsection (b) (1) of this section of the bill, which corresponds to section 204 (b) (1) of the House bill, amends subparagraph (B) of section 3121 (a) (7) of the code, which relates to cash remuneration for domestic service. Section 3121 (a) (7) (B) now provides for the exclusion from wages of cash remuneration paid in a calendar quarter for domestic service in a private home of the employer unless such remuneration paid in such calendar quarter for such service is $50 or more and the employee is regularly employed by the employer in the calendar quarter in which the payment is made. The employee is "regularly employed" by an employer during a calendar quarter if he performed domestic service in a private home of the employer on at least 24 days in that calendar quarter or during the preceding calendar quarter. The amendment would eliminate the 24-day test, thus making coverage of domestic service dependent solely on receipt of $50 in cash wages in a calendar quarter by an employee from an employer for such service.

As under existing law, domestic service does not include service described in section 3121 (g) (5) of the code (service performed on a farm operated for profit).

Paragraph (2) of subsection (b) of this section, which corresponds to section 204 (b) (2) of the House bill, amends section 3121 (a) (7) of the code by adding a new subparagraph (C). This new subparagraph relates to cash remuneration received for service not in the course of the employer's trade or business and should be considered together with the repeal of section 3121 (b) (3) of the code, which would be accomplished by section 204 (b) of the bill. Section 3121 (b) (3) of the code now excepts from employment service not in the course of

the employer's trade or business performed by an employee in a calendar quarter unless the cash remuneration paid by the employer to the employee for such service is $50 or more and the employee is regularly employed by the employer during the calendar quarter to perform such service. The effect of the new subparagraph (C) of section 3121 (a) (7), together with the repeal of paragraph (3) of section 3121 (b), is to eliminate the 24-day test and to make coverage of service not in the course of the employer's trade or business depend solely on receipt of cash remuneration of $50 or more in the calendar quarter.

The test relating to cash remuneration of $50 or more also is changed slightly. Under existing law, the $50 must be paid for service performed in a calendar quarter during which the employee is regularly employed by the employer to perform such service, and the time of payment is unimportant. Under the new section 3121 (a) (7) (C), the test is payment of $50 in a calendar quarter for the service, and the time of performance of the service is unimportant.

The new subparagraph (C) of section 3121 (a) (7) incorporates the provision of section 3121 (b) (3) of the code that "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in section 3121 (g) (5) (service performed on a farm operated for profit).

Paragraph (3) of subsection (b) of this section of the bill amends section 3121 (a) (8) of the Internal Revenue Code by inserting a new subparagraph (B) and by designating the existing provisions of section 3121 (a) (8) as subparagraph (A). The new subparagraph (B) would exclude from wages cash remuneration paid by an employer to an employee in any calendar quarter for agricultural labor unless such remuneration is $50 or more. This provision of your committee's bill differs from the corresponding provision of the House bill which would exclude from wages cash remuneration paid by an employer to an employee in any calendar year for agricultural labor unless such remuneration is $200 or more. This amendment should be considered in connection with the amendment to paragraph (1) of section 3121 (b) of the code which would be effected by section 204 (a) of the bill.

Under the existing provisions of section 3121 (b) (1) of the Internal Revenue Code, agricultural labor performed by an employee for an employer in a calendar quarter is excepted from employment unless the cash remuneration paid by the employer to the employee for such labor is $50 or more and the employee is regularly employed in that quarter by such employer to perform such agricultural labor. For purposes of section 3121 (a) (1), "an individual is deemed to be regularly employed by an employer during a calendar quarter * * * only if (i) such individual performs agricultural labor * * * for such employer on a full-time basis on 60 days * * * during the quarter, and (ii) the quarter was immediately preceded by a qualifying quarter. A qualifying quarter is defined as (I) any quarter during all of which the individual was continuously employed by the employer, or (II) any subsequent quarter meeting the test of clause (i) above if, after the last quarter during all of which the individual was continuously employed by the employer, each intervening quarter met the test of clause (i). An individual is also deemed to be regularly employed by an employer during a calendar quarter if he was regularly employed (upon application of clauses (i) and (ii)) by the employer during the

preceding calendar quarter." (H. Rept. No. 2771, 81st Cong., 2d sess. (conference report on H. R. 6000), p. 95.)

The principal effects of the amendments made by paragraph (3) of section 203 (b) and by section 204 (a) of the bill are to eliminate the present "regularly employed" concept as a requirement for coverage of agricultural labor under the Federal Insurance Contributions Act; and to make coverage depend solely on the payment of cash remuneration of $50 or more in a calendar quarter by the same employer to the employee for such labor.

Section 3121 (b) (1) of the code excepts from employment service performed in connection with the ginning of cotton and service performed in connection with the production, harvesting, or processing of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum resin, if such processing is carried on by the original producer of the crude gum (the latter exception is expressed in the code in terms of service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act). The amendment to section 3121 (b) (1) of the code made by section 204 (a) of the bill would remove the specific exception from employment of services performed in connection with the ginning of cotton and would have the effect of covering such services under the Federal Insurance Contributions Act on the same basis as other agricultural labor.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

Section 204 amends subsection (b) of section 3121 of the Internal Revenue Code, which defines "employment" for purposes of the Federal Insurance Contributions Act. This section differs in certain material respects from section 205 of the House bill, which also contains amendments to the definition of the term "employment".

Subsection (a) of this section of the bill amends paragraph (1) of section 3121 (b) of the code by eliminating from the definition of employment the existing exception of agricultural labor, except in the case of service performed (1) in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, and (2) by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended. Title V of such act now provides that no workers may be available under such title for employment after December 31, 1955. The exception under section 3121 (b) (1) of the code of service performed by foreign agricultural workers will, of course, be inoperative when title V of the Agricultural Act ceases to be effective. The corresponding provisions in the House bill excluded only services performed by foreign agricultural workers.

Subsection (b) of this section, which corresponds to section 205 (b) of the House bill, repeals paragraph (3) of section 3121 (b) of the code (which excepts from employment service not in the course of the employer's trade or business), and redesignates certain of the succeeding paragraphs of section 3121 (b).

Paragraph (5) of section 3121 (b) of the code excepts from employment any service performed by an individual on or in connection with

a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States. Subsection (c) of section 204 of the bill, which corresponds to section 205 (c) of the House bill, amends section 3121 (b) (5) of the code (redesignated by the bill as section 3121 (b) (4)) so as to make the exception applicable only if the individual is not a citizen of the United States or the employer is not an American employer. Consequently, if the individual is a citizen of the United States and the employer is an American employer, services of the individual on foreign-flag vessels or foreign-flag aircraft will not be excepted from employment whether performed here or abroad. This change has the effect of treating services performed by these individuals the same as other services performed by citizens of the United States as employees of American employers, which now constitute employment whether performed here or abroad.

Section 205 (d) of the House bill contains amendments to section 1426 (b) (7) of the Internal Revenue Code of 1939. (The provisions of sec. 3121 (b) (7) of the Internal Revenue Code of 1954 correspond to the provisions of sec. 1426 (b) (7) of the 1939 code.) The term "employment," as it would be amended by these provisions of the House bill, would include services performed by most Federal employees not covered by retirement systems, including temporary employees in the field service of the Post Office Department, census-taking employees of the Bureau of the Census, civilian employees of Coast Guard post exchanges, and certain other groups, and also employees of Federal home-loan banks and the Tennessee Valley Authority, who have retirement systems. The House bill, in section 205 (e), contains amendments to section 1426 (b) (9) of the Internal Revenue Code of 1939, the principal effect of which would be to extend coverage, on a voluntary basis, to service performed by ministers and members of religious orders employed by certain nonprofit organizations if the organization elects to cover such individuals and if at least two-thirds of such individuals elected to be covered. Section 207 of the House bill would amend section 1426 (l) of the Internal Revenue Code of 1939 so as to prescribe the manner in which such an election could be made. Your committee's bill contains no provisions corresponding to those contained in subsections (d) and (e) of section 205 of the House bill and contains no provision for an election by a nonprofit organization for coverage of services performed by ministers and members of a religious order. (For a discussion of the provisions of the bill extending coverage, on a voluntary basis, to ministers and members of religious orders, see in this report the explanation of sec. 201 of the bill.)

Section 3121 (b) (15) of the Internal Revenue Code excepts from employment service performed by employees in fishing and similar activities unless performed in connection with commercial salmon or halibut fishing or on a vessel of more than 10 net tons. Subsection (d) of this section of the bill, which corresponds to section 205 (f) of the House bill, eliminates this exception and renumbers the succeeding paragraphs of section 3121 (b).

Subsection (e) of this section provides that the amendments made by subsections (a) and (b) (relating to agricultural labor and service not in the course of the employer's trade or business) shall be appli-

cable only with respect to services (whenever performed) for which the remuneration is paid after 1954, and that the amendments made by subsections (c) and (d) (relating to service on foreign-flag vessels and aircraft and fishing and related service) shall be applicable only with respect to services performed after 1954.

AMENDMENT RELATING TO COLLECTION OF EMPLOYEE TAX

Section 205 of the bill, for which there is no corresponding provision in the House bill, amends section 3102 (a) of the code so as to provide that an employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C), (8) (B), or (10) of section 3121 (a) of the code is applicable may deduct an amount equivalent to the employee tax imposed by section 3101 from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50. Section 3102 (a) now provides that the employee tax imposed by section 3101 shall be collected by the employer by deducting the amount of such tax from the wages as and when paid.

Paragraphs (7) (B) and (C), (8) (B), and (10) of section 3121 (a), as amended by the bill, except from the term "wages" remuneration paid in a calendar quarter to an employee by an employer for domestic service in a private home of the employer, service not in the course of the employer's trade or business, agricultural labor, and industrial homework, respectively, if the cash remuneration paid in the quarter for such service is less than $50.

The amendment makes clear that an employer paying cash remuneration for any such service or labor may, at that time, deduct from such remuneration an amount equivalent to the employee tax imposed by section 3101 even though the employer cannot then ascertain whether the $50 test will be met. Thus, an employer paying $10 to an employee in a calendar quarter of 1955 for agricultural labor may deduct 20 cents from such payment even though the employer has made no prior payment of cash remuneration to the employee in that quarter for such labor. Of course, this provision of the bill shall not be construed as authorizing the employer to retain the amount so withheld if it is subsequently ascertained that the remuneration paid to the employee does not constitute wages.

AMENDMENT TO DEFINITION OF EMPLOYEE

Section 206, which corresponds to section 206 of the House bill, amends subsection (d) of section 3121 of the Internal Revenue Code, which defines the term "employee" for purposes of the Federal Insurance Contributions Act.

Section 3121 (d) (3) (C) of the code includes as an employee any individual who performs services for remuneration for any person as a homeworker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person and required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed. Subsection (a) of

section 206 of the bill amends such section 3121 (d) (3) (C) so as to eliminate the requirement that the performance of the services be subject to State licensing requirements, effective with respect to services performed after 1954.

This amendment would not include, however, as employees, homeworkers who are not subject to supervision or control by any person with respect to their homework activities, and who buy raw material and make any article and sell such article to any person even though it is made according to specifications provided by some single purchaser.

WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

Under existing law services performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order are excepted from employment. Section 205 (e) of the House bill would extend coverage, on a voluntary basis, to ministers and members of religious orders employed by certain nonprofit organizations if the organization elects to cover such individuals and if at least two-thirds of such individuals elect to be covered. Section 207 of the House bill would amend section 1426 (l) of the Internal Revenue Code of 1939 so as to prescribe the manner in which such an election could be made. Your committee's bill retains the exception from employment contained in present law with respect to services performed by a minister or member of a religious order. Accordingly, section 207 of the House bill has been omitted in your committee's bill. (For provisions of your committee's bill relating to services performed by ministers and members of religious orders, see sec. 201 of the bill and the portion of this report discussing that section.)

CHANGES IN TAX SCHEDULES

Section 207 (a) of the bill, which corresponds to section 208 (a) of the House bill, amends section 1401 of the Internal Revenue Code relating to the rate of tax upon self-employment income. Under existing law the rate of tax upon self-employment income in the case of any taxable year beginning after December 31, 1969, is 4⅞ percent. Under the bill the rates of tax for taxable years beginning after December 31, 1969, are as follows:

For taxable years—	*Percent*
Beginning after Dec. 31, 1969, and before Jan. 1, 1975	5¼
Beginning after Dec. 31, 1974	6

Subsections (b) and (c) of section 207, which correspond to subsections (b) and (c) of section 208 of the House bill, amend section 3101 and 3111, respectively, of the Internal Revenue Code, relating to the rates of the taxes under the Federal Insurance Contributions Act. Under existing law the rate of the employee tax and of the employer tax for the calendar year 1970 and subsequent calendar years is 3¼ percent. Under the bill the rates of each such tax for the calendar year 1970 and subsequent calendar years are as follows:

	Percent
For the calendar years 1970 to 1974, inclusive	3½
For the calendar year 1975 and subsequent calendar years	4

FOREIGN SUBSIDIARIES OF DOMESTIC CORPORATION

Section 208 of your committee's bill amends section 3121 of the Internal Revenue Code by adding at the end thereof a new subsection (l) for the purpose of extending old-age and survivors insurance coverage to citizens of the United States performing service outside the United States in the employ of any one or more foreign subsidiaries of a domestic corporation. This section of the bill corresponds to section 209 of the House bill except that technical and clarifying amendments have been made by your committee.

Such subsection (l) provides that the Secretary or his delegate shall enter into an agreement, at the request of any domestic corporation, for the purpose of extending old-age and survivors insurance coverage to United States citizens performing service outside the United States in the employ of any one or more foreign subsidiaries of such domestic corporation. A foreign subsidiary is defined (in par. (8) of sec. 3121 (l)) as (1) a foreign corporation more than 50 percent of the voting stock of which is owned by the domestic corporation desiring to enter into the agreement, or (2) a foreign corporation more than 50 percent of the voting stock of which is owned by a foreign corporation described in clause (1). Such an agreement shall not be applicable to any service performed by, or remuneration paid to, an employee, if such service or remuneration would be excluded from the term "employment" or the term "wages", respectively, were the service performed in the United States. Any such agreement shall also be applicable in all respects in the case of any citizen of the United States who, on or after the effective date of the agreement, is employed by the foreign subsidiary or subsidiaries named in the agreement.

If at any time after such an agreement is entered into the domestic corporation desires to have the old-age and survivors insurance system extended to citizens of the United States performing service in the employ of one or more foreign subsidiaries other than the subsidiary or subsidiaries specified in the agreement, the agreement may be amended so as to extend such system to such citizens. Any agreement so amended shall be applicable in all respects in the case of service performed in the employ of any foreign subsidiary to which the amendment relates. Any such agreement shall require the domestic corporation to pay to the Secretary or his delegate amounts equivalent to the sum of the employee and employer taxes which would be imposed under sections 3101 and 3111 of the code (including interest, additional amounts, and penalties) with respect to remuneration which would be wages if the services covered by the agreement constituted employment. It shall also require the domestic corporation to comply with regulations, relating to payments and reports, prescribed by the Secretary or his delegate to carry out the purposes of such subsection.

Paragraph (2) of such section 3121 (l) provides that an agreement shall be made effective for the period beginning either with the first day of the calendar quarter in which the agreement is entered into or the first day of the succeeding calendar quarter. However, no agreement may be made effective prior to January 1, 1955. An amendment to an agreement executed after the first month following the first calendar quarter for which the agreement is in effect shall apply, in the case of services performed for the subsidiary or subsidiaries

specified in the amendment, only after the calendar quarter in which the amendment is executed.

Paragraph (3) of such section 3121 (l) provides that the domestic corporation may terminate such an agreement, with respect to any one or more of its foreign subsidiaries, effective at the end of a calendar quarter. However, the termination may be made only upon giving 2 years' advance notice in writing and only if at the time of the receipt of such notice the agreement has been in effect for a period of not less than 8 years. Any such notice of termination may be revoked by giving, prior to the close of the calendar quarter specified therein, a written notice of revocation. A notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. The period for which an agreement is effective with respect to any foreign subsidiary shall terminate automatically at the end of any calendar quarter in which at any time the foreign corporation ceases to be a foreign subsidiary as defined in this subsection.

Paragraph (4) of such section 3121 (l) directs the Secretary, upon a finding that any domestic corporation has failed to comply substantially with the terms of its agreement under such section 3121 (l), to give such corporation not less than 60 days' advance notice in writing that the period covered by its agreement will terminate at the end of a calendar quarter specified in such notice. Any such notice of termination, however, may be revoked by the Secretary as provided in such paragraph. No such notice of termination or revocation shall be given without the prior concurrence of the Secretary of Health, Education, and Welfare.

Pursuant to paragraph (5) of such section 3121 (l), if the agreement is terminated in its entirety by notice of termination, given either by the domestic corporation or the Secretary, the domestic corporation may not again enter into an agreement with respect to service performed for any foreign subsidiary; and if the agreement is terminated with respect to any foreign subsidiary the domestic corporation may not thereafter make such agreement applicable to that subsidiary.

Paragraph (6) of such section 3121 (l) provides that for purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, remuneration paid for services of American citizens abroad covered by an agreement under section 3121 (l) between a domestic corporation and the Secretary, which would be wages if the services constituted employment and which is reported to the Secretary or his delegate pursuant to such agreement or regulations issued under section 3121 (l) shall be considered wages subject to the tax imposed by the Federal Insurance Contributions Act.

Paragraph (7) of such section 3121 (l) provides that adjustments of any overpayments or underpayments of amounts due under an agreement shall be made, without interest, in accordance with regulations prescribed by the Secretary. If an overpayment cannot be adjusted the amount thereof shall be repaid, but only if a claim therefor is filed with the Secretary within 2 years from the time such overpayment was made.

Paragraph (8), which defines a "foreign subsidiary of a domestic corporation," has already been discussed above.

Paragraph (9), not contained in the House bill, makes clear that each domestic corporation which enters into an agreement under this

subsection shall for purposes of such subsection and of section 6413 (c) (2) (C), relating to special refunds, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.

Paragraph (10) of such section 3121 (l) provides that the regulations of the Secretary under such section shall be designed to make the requirements imposed on domestic corporations with respect to service performed in the employ of foreign subsidiaries the same, insofar as practicable, as the requirements imposed on employers subject to the Federal Insurance Contributions Act.

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

Section 209 of the bill corresponds to section 210 of the House bill. Section 209 adds to the Internal Revenue Code a new section 176, which provides that amounts paid or incurred by a domestic corporation under the provisions of an agreement entered into as provided by section 3121 (l) may be deducted in computing taxable income, but only to the extent that the domestic corporation actually bore the burden of the payment. Amounts involved which were withheld from the wages of the employees of the foreign corporation or which were supplied by the foreign corporation may not give rise to a deduction for the domestic corporation which pays over such amounts to the Secretary. Any reimbursement of any amount which has been deducted by the domestic corporation under the provisions of this section must be included in the gross income of such corporation for the taxable year in which it is received.

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

The 1952 amendments to the Social Security Act included amendments increasing the proportion of public assistance expenditures made by the States to be borne from Federal funds. Such amendments were, however, made effective only for the period ending September 30, 1954. Section 301 of the bill would extend this period for two additional years, to September 30, 1956. The bill as passed by the House would have extended the period for 1 additional year, to September 30, 1955.

TEMPORARY EXTENSION OF SPECIAL PROVISIONS RELATING TO STATE PLANS FOR AID TO THE BLIND

Section 344 (b) of the Social Security Act Amendments of 1950 relieved certain States from the necessity for complying with the requirements of section 1002 (a) (8) of the Social Security Act as a condition to approval of their State aid-to-the-blind plans so as to make them eligible to receive Federal contributions toward the cost of assistance expenditures under the plans. This special provision was effective, however, only for the period ending June 30, 1955. Section 302 of the bill would extend this period for an additional 2 years to June 30, 1957.

TECHNICAL AMENDMENTS

When the public assistance provisions of the Social Security Act were amended in 1946 to change the Federal share of assistance expenditures from one-half of the total expenditures to a larger percentage of average expenditures below a certain amount, conforming changes were made in sections 3 (b), 403 (b) (1), and 1003 (b) (1) of the act. Through oversight these conforming changes were not repeated in the 1950 amendments to the Social Security Act. Section 303 of the bill would remedy this oversight. Except for one additional conforming change, this section of the bill as reported is the same as section 303 of the House-passed bill.

TITLE IV—MISCELLANEOUS PROVISIONS

This title amends the Railroad Retirement Act in several respects in order to preserve the existing relationship between the railroad retirement and old-age and survivors insurance systems. It also provides for redesignating cross references in other acts to provisions of the Social Security Act redesignated by the bill.

This title in the bill as reported by your committee differs from the House bill in several respects. First, the effective dates in the amendments to the Railroad Retirement Act have been changed to conform to those provided in the appropriate amendments to title II of the Social Security Act. Second, in the retirement test used under the Railroad Act for survivors, age 75 has been reduced to age 72 as the age above which deductions are not imposed, in order to conform to the change made in the retirement test in the Social Security Act. Third, since the Internal Revenue Code of 1954 contains its own provisions with respect to references in other laws to sections of the 1939 code, the part of section 402 of the bill relating to this matter has been deleted.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law shown in the left column, changes in existing law shown in the right column; except that with respect to changes in the Internal Revenue Code of 1954, provisions proposed to be omitted are enclosed in black brackets, new matter is printed in italics, and provisions in which no changes are proposed are shown in roman):

SOCIAL SECURITY ACT

AN ACT To provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled,

TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE

* * * * *

PAYMENT TO STATES

SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of ad-

SOCIAL SECURITY ACT, AS AMENDED BY H. R. 9366, AS REPORTED

AN ACT To provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled,

TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE

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PAYMENT TO STATES

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(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of

SOCIAL SECURITY ACT	AS AMENDED BY H. R. 9366
ministering the State plan or for old-age assistance, or both, and for no other purpose.	administering the State plan or for old-age assistance, or both, and for no other purpose.
(b) The method of computing and paying such amounts shall be as follows:	(b) The method of computing and paying such amounts shall be as follows:
(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of clause (1) of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such clause, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of aged individuals in the State, and (C) such other investigation as the Administrator may find necessary.	(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of aged individuals in the State, and (C) such other investigation as the Administrator may find necessary.
(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State under clause (1) of subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to old-age assistance furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Administrator for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.	(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to old-age assistance furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Administrator for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.

SOCIAL SECURITY ACT	AS AMENDED BY H. R. 9366
(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Administrator, the amount so certified increased by 5 per centum.	(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Administrator, the amount so certified.
* * * * *	* * * * *
TITLE II—FEDERAL OLD-AGE AND SURVIVORS INSURANCE BENEFITS	TITLE II—FEDERAL OLD-AGE AND SURVIVORS INSURANCE BENEFITS
* * * * *	* * * * *
OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS	OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS
Old-Age Insurance Benefits	Old-Age Insurance Benefits
SEC. 202. (a) Every individual who— (1) is a fully insured individual (as defined in section 214 (a)), (2) has attained retirement age (as defined in section 216 (a)), and (3) has filed application for old-age insurance benefits, shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies. Such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215 (a)) for such month.	SEC. 202. (a) Every individual who— (1) is a fully insured individual (as defined in section 214 (a)), (2) has attained retirement age (as defined in section 216 (a)), and (3) has filed application for old-age insurance benefits, shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies. Such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215 (a)) for such month.
* * * * *	* * * * *
Widow's Insurance Benefits	Widow's Insurance Benefits
(e) (1) The widow (as defined in section 216 (c)) of an individual who died a fully insured individual after 1939, if such widow— (A) has not remarried, (B) has attained retirement age, (C) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, (D) was living with such individual at the time of his death, and	(e) (1) The widow (as defined in section 216 (c)) of an individual who died a fully insured individual after 1939, if such widow— (A) has not remarried, (B) has attained retirement age, (C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or (ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age, (D) was living with such individual at the time of his death, and

SOCIAL SECURITY ACT	AS AMENDED BY H. R. 9366
(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of her deceased husband,	(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of her deceased husband,
shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of her deceased husband.	shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of her deceased husband.
(2) Such widow's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of her deceased husband.	(2) Such widow's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of her deceased husband.
* * * * *	* * * * *
Mother's Insurance Benefits	Mother's Insurance Benefits
(g) (1) The widow and every former wife divorced (as defined in section 216 (d)) of an individual who died a fully or currently insured individual after 1939, if such widow or former wife divorced—	(g) (1) The widow and every former wife divorced (as defined in section 216 (d)) of an individual who died a fully or currently insured individual after 1939, if such widow or former wife divorced—
(A) has not remarried,	(A) has not remarried,
(B) is not entitled to a widow's insurance benefit,	(B) is not entitled to a widow's insurance benefit,
(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,	(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,
(D) has filed application for mother's insurance benefits,	(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,
(E) at the time of filing such application has in her care a child of such individual entitled to a child's insurance benefit, and	(E) at the time of filing such application has in her care a child of such individual entitled to a child's insurance benefit, and
(F) (i) in the case of a widow, was living with such individual at the time of his death, or (ii) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death, and the child referred to in clause (E) is her son, daughter, or legally adopted child and the benefits referred to in such clause are payable on the basis of such individual's	(F) (i) in the case of a widow, was living with such individual at the time of his death, or (ii) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death, and the child referred to in clause (E) is her son, daughter, or legally adopted child and the benefits referred to in such clause are payable on the basis of such individual's

SOCIAL SECURITY ACT	AS AMENDED BY H. R. 9366
wages and self-employment income, shall be entitled to a mother's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child's insurance benefit, such widow or former wife divorced becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual, she becomes entitled to a widow's insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child's insurance benefit on the basis of the wages and self-employment income of such deceased individual.	wages and self-employment income, shall be entitled to a mother's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child's insurance benefit, such widow or former wife divorced becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual, she becomes entitled to a widow's insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child's insurance benefit on the basis of the wages and self-employment income of such deceased individual.
(2) Such mother's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.	(2) Such mother's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.
* * * * *	* * * * *
Lump-Sum Death Payments	Lump-Sum Death Payments
(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount shall be paid in a lump sum to the person, if any, determined by the Administrator to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any persons or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of such insured individual. No payment shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual. In the case of any individual who died outside the forty-eight States and the District of Columbia after December 1953 and before July 1955, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii,	(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual's primary insurance amount shall be paid in a lump sum to the person, if any, determined by the Administrator to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, of if such person dies before receiving payment, then such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of such insured individual. No payment shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual, or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died. In the case of any individual who died outside the forty-eight States

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Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual is filed by or on behalf of such person (whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.	and the District of Columbia after December 1953 and before July 1955, whose death occurred while he was in the active military or naval service of the United States, and who is returned to any of such States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands for interment or reinterment, the provisions of the preceding sentence shall not prevent payment to any person under the second sentence of this subsection if application for a lump-sum death payment with respect to such deceased individual if filed by or on behalf of such person whether or not legally competent) prior to the expiration of two years after the date of such interment or reinterment.
Application for Monthly Insurance Benefits	Application for Monthly Insurance Benefits
(j) (1) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the sixth month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Administrator has certified for payment for such prior month.	(j) (1) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the twelfth month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Administrator has certified for payment for such prior month.
(2) No application for any benefit under this section for any month after August 1950 which is filed prior to three months before the first month for which the applicant becomes entitled to such benefit shall be accepted as an application for the purposes of this section; and any application filed within such three months' period shall be deemed to have been filed in such first month.	(2) No application for any benefit under this section for any month after August 1950 which is filed prior to three months before the first month for which the applicant becomes entitled to such benefit shall be accepted as an application for the purposes of this section; and any application filed within such three months' period shall be deemed to have been filed in such first month.
* * * * *	* * * * *
	Minimum Survivor's or Dependent's Benefit
	(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k) (3), less than $30 and no other individual is (without the application of section 202 (j) (1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to $30.

SOCIAL SECURITY ACT	AS AMENDED BY H. R. 9366
REDUCTION OF INSURANCE BENEFITS	REDUCTION OF INSURANCE BENEFITS
Maximum Benefits	Maximum Benefits
SEC. 203. (a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual exceeds $168.75, or is more than $45 and exceeds 80 per centum of his average monthly wage (as determined under subsection (b) or (c) of section 215, whichever is applicable), such total of benefits shall, after any deductions under this section, be reduced to $168.75 or to 80 per centum of his average monthly wage, whichever is the lesser, but in no case to less than $45, except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits shall, after any deductions under this section, be reduced to $168.75 or to 80 per centum of the sum of the average monthly wages of all such insured individuals, whichever is the lesser, but in no case to less than $45. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased.	SEC. 203. (a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased.
Deductions on Account of Work or Failure to Have Child in Care	Deductions on Account of Work or Failure to Have Child in Care
(b) Deductions, in such amounts and at such time or times as the Administrator shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month—	(b) Deductions, in such amounts and at such time or times as the Administrator shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month—
(1) in which such individual is under the age of seventy-five and in which he rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than $75; or	(1) in which such individual is under the age of seventy-two and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or
(2) in which such individual is under the age of seventy-five and for which month he is charged, under the provisions of subsection (e) of this section, with net earnings from self-employment of more than $75; or	(2) in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or

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(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit; or	(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit; or
(4) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or	(4) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or
(5) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child, of her deceased former husband, who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.	(5) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child, of her deceased former husband, who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.
Deductions From Dependents' Benefits Because of Work by Old-Age Insurance Beneficiary	Deductions From Dependents' Benefits Because of Work by Old-Age Insurance Beneficiary
(c) Deductions shall be made from any wife's, husband's, or child's insurance benefit to which a wife, husband, or child is entitled, until the total of such deductions equals such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month—	(c) Deductions shall be made from any wife's, husband's, or child's insurance benefit to which a wife, husband, or child is entitled, until the total of such deductions equals such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month—
(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-five and in which he rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than $75; or	(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-two and for which month he is charged with any earnings under the provisions of subsection (e) of this section;
(2) in which the individual referred to in paragraph (1) is under the age of seventy-five and for which month he is charged, under the provisions of subsection (e) of this section, with net earnings from self-employment of more than $75.	(2) in which the individual referred to in paragraph (1) is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States.
Occurrence of More Than One Event	Occurrence of More Than One Event
(d) If more than one of the events specified in subsections (b) and (c) occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of net earnings from self-	(d) If more than one of the events specified in subsections (b) and (c) occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of earnings to any month shall

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employment to any month shall be treated as an event occurring in the month to which such net earnings are charged.	be treated as an event occurring in such month.
Months to Which Net Earnings From Self-Employment Are Charged	Months to Which Earnings Are Charged
(e) For the purposes of subsections (b) and (c)—	
(1) If an individual's net earnings from self-employment for his taxable year are not more than the product of $75 times the number of months in such year, no month in such year shall be charged with more than $75 of net earnings from self-employment.	(e) (1) If an individual's earnings for a taxable year of twelve months are not more than $1,200, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than $100 times the number of months in such year, no month in such year shall be charged with any earnings.
(2) If an individual's net earnings from self-employment for his taxable year are more than the product of $75 times the number of months in such year, each month of such year shall be charged with $75 of net earnings from self-employment, and the amount of such net earnings in excess of such product shall be further charged to months as follows: The first $75 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $75 per month to each preceding month in such year until all of such balance has been applied, except that no part of such excess shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which an event described in paragraph (1), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment.	(2) If an individual's earnings for a taxable year of twelve months are in excess of $1,200, the amount of his earnings in excess of $1,200 shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of $100 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-two or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80.

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(3) (A) As used in paragraph (2), the term "last month of such taxable year" means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

(B) For the purposes of clause (D) of paragraph (2), an individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Administrator that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing his net earnings from self-employment for any taxable year. The Administrator shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

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(3) (A) As used in paragraph (2), the term "last month of such taxable year" means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

(B) For purposes of clause (D) of paragraph (2)—

(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

(B) In determining an individual's net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211 shall be applicable; and any excess of deductions over income resulting from such a computation shall be his net loss from self-employment.

(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in section 209 (a).

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	(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year.
Penalty for Failure To Report Certain Events	Penalty for Failure To Report Certain Events
(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event described in subsection (b) or (c) (2)), shall report such occurrence to the Administrator prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred. Any such individual having knowledge thereof, who fails to report any such occurrence, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month.	(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month.
Report to Administrator of Net Earnings From Self-Employment	Report of Earnings to Secretary
(g) (1) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has net earnings from self-employment in excess of the product of $75 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Administrator of his net earnings from self-employment for such taxable year. Such report shall be made on or before the fifteenth day of the third month following the close of such year, and shall	(g) (1) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of $100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year. Such report shall be made on or before the fifteenth day of the third month following the close of

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contain such information and be made in such manner as the Administrator may by regulations prescribe. Such report need not be made for any taxable year beginning with or after the month in which such individual attained the age of seventy-five.

(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, of his net earnings from self-employment for any taxable year and any deduction is imposed under subsection (b) (2) by reason of such net earnings—

(A) such individual shall suffer one additional deduction in an amount equal to his benefit or benefits for the last month in such taxable year for which he was entitled to a benefit under section 202; and

(B) if the failure to make such report continues after the close of the fourth calendar month following the close of such taxable year, such individual shall suffer an additional deduction in the same amount for each month during all or any part of which such failure continues after such fourth month;

except that the number of the additional deductions required by this paragraph shall not exceed the number of months in such taxable year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (2) by reason of such net earnings from self-employment. If more than one additional deduction would be imposed under this paragraph with respect to a failure by an individual to file a report required by paragraph (1) and such failure is the first for which any additional deduction is imposed under this paragraph, only one additional deduction shall be imposed with respect to such first failure.

(3) If the Administrator determines, on the basis of information obtained by or submitted to him, that it may reasonably be expected that an individual entitled to benefits under section 202 for any taxable year will suffer deduc-

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such year, and shall contain such information and be made in such manner as the Administrator may by regulations prescribe. Such report need not be made for any taxable year beginning with or after the month in which such individual attained the age of seventy-two.

(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

(C) if such failure is the third or a subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded.

(3) If the Administrator determines, on the basis of information obtained by or submitted to him, that it may reasonably be expected that an individual entitled to benefits under section 202 for any taxable year will suffer deduc-

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tions imposed under subsection (b) (2) by reason of his net earnings from self-employment for such year, the Administrator may, before the close of such taxable year, suspend the payment for each month in such year (or for only such months as the Administrator may specify) of the benefits payable on the basis of such individual's wages and self-employment income; and such suspension shall remain in effect with respect to the benefits for any month until the Administrator has determined whether or not any deduction is imposed for such month under subsection (b). The Administrator is authorized, before the close of the taxable year of an individual entitled to benefits during such year, to request of such individual that he make, at such time or times as the Administrator may specify, a declaration of his estimated net earnings from self-employment for the taxable year and that he furnish to the Administrator such other information with respect to such net earnings as the Administrator may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (b) (2) by reason of his net earnings from self-employment for such year.	tions imposed under subsection (b) (1) by reason of his earnings for such year, the Administrator may, before the close of such taxable year, suspend the payment for each month in such year (or for only such months as the Administrator may specify) of the benefits payable on the basis of such individual's wages and self-employment income; and such suspension shall remain in effect with respect to the benefits for any month until the Administrator has determined whether or not any deduction is imposed for such month under subsection (b). The Administrator is authorized, before the close of the taxable year of an individual entitled to benefits during such year, to request of such individual that he make, at such time or times as the Administrator may specify, a declaration of his estimated earnings for the taxable year and that he furnish to the Administrator such other information with respect to such earnings as the Administrator may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (b) (1) by reason of his earnings for such year. If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year.
* * * * *	* * * * *
Deductions With Respect to Certain Lump-Sum Payments	
(i) Deductions shall also be made from any old-age insurance benefit to which an individual is entitled, or from any other insurance benefit payable on the basis of such individual's wages and self-employment income, until such deductions total the amount of any lump sum paid to such individual under section 204 of the Social Security Act in force prior to the date of enactment of the Social Security Act Amendments of 1939.	[(i) Repealed.]

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Attainment of Age Seventy-five	Attainment of Age Seventy-two
(j) For the purposes of this section, an individual shall be considered as seventy-five years of age during the entire month in which he attains such age.	(j) For the purposes of this section, an individual shall be considered as seventy-two years of age during the entire month in which he attains such age.
	Noncovered Remunerative Activity Outside the United States
	(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term "United States" does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term "trade or business" shall have the same meaning as when used in section 162 of the Internal Revenue Code of 1954.
	Good Cause for Failure To Make Reports Required
	(l) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary.
OVERPAYMENTS AND UNDERPAYMENTS	OVERPAYMENTS AND UNDERPAYMENTS
SEC. 204. (a) Whenever an error has been made with respect to payments to an individual under this title (including payments made prior to January 1, 1940), proper adjustments shall be made, under regulations prescribed by the Administrator, by increasing or decreasing subsequent payments to	SEC. 204. (a) Whenever an error has been made with respect to payments to an individual under this title (including payments made prior to January 1, 1940), proper adjustments shall be made, under regulations prescribed by the Administrator, by increasing or decreasing subsequent payments to

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which such individual is entitled. If such individual dies before such adjustment has been completed, adjustment shall be made by increasing or decreasing subsequent benefits payable with respect to the wages which were the basis of benefits of such deceased individual.	which such individual is entitled. If such individual dies before such adjustment has been completed, adjustment shall be made by increasing or decreasing subsequent benefits payable with respect to the wages and self-employment income which were the basis of benefits of such deceased individual.
* * * * *	* * * * *
EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT	EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT
SEC. 205. a) The Administrator shall have full power and authority to make rules and regulations and to establish procedures, not inconsistent with the provisions of this title, which are necessary or appropriate to carry out such provisions, and shall adopt reasonable and proper rules and regulations to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits hereunder.	SEC. 205. (a) The Administrator shall have full power and authority to make rules and regulations and to establish procedures, not inconsistent with the provisions of this title, which are necessary or appropriate to carry out such provisions, and shall adopt reasonable and proper rules and regulations to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits hereunder.
* * * * *	* * * * *
Crediting of Compensation Under the Railroad Retirement Act	Crediting of Compensation Under the Railroad Retirement Act
(o) If there is no person who would be entitled, upon application therefor, to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act), then, notwithstanding section 210 (a) (10) of this Act, compensation (as defined in such Railroad Retirement Act, but excluding compensation attributable as having been paid during any month on account of military service creditable under section 4 of such Act if wages are deemed to have been paid to such employee during such month under subsection (a) or (e) of section 217 of this Act) of such employee shall constitute remuneration for employment for purposes of determining (A) entitlement to and the amount of any lump-sum death payment under this title on the basis of such employee's wages and self-employment income and (B) entitlement to and the amount of any monthly benefit under this title, for the month in which such employee died or for any month thereafter, on the basis of such wages and self-employment income. For such purposes, compensation (as so defined) paid in a calendar year shall, in the absence of evidence to the contrary, be presumed to have been paid in equal proportions with respect to all months in the year in which the employee rendered services for such compensation.	(o) If there is no person who would be entitled, upon application therefor, to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act), then, notwithstanding section 210 (a) (9) of this Act, compensation (as defined in such Railroad Retirement Act, but excluding compensation attributable as having been paid during any month on account of military service creditable under section 4 of such Act if wages are deemed to have been paid to such employee during such month under subsection (a) or (e) of section 217 of this Act) of such employee shall constitute remuneration for employment for purposes of determining (A) entitlement to and the amount of any lump-sum death payment under this title on the basis of such employee's wages and self-employment income and (B) entitlement to and the amount of any monthly benefit under this title, for the month in which such employee died or for any month thereafter, on the basis of such wages and self-employment income. For such purposes, compensation (as so defined) paid in a calendar year shall, in the absence of evidence to the contrary, be presumed to have been paid in equal proportions with respect to all months in the year in which the employee rendered services for such compensation.
* * * * *	* * * * *

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PENALTIES	PENALTIES
SEC. 208. Whoever, for the purpose of causing an increase in any payment authorized to be made under this title, or for the purpose of causing any payment to be made where no payment is authorized under this title, shall make or cause to be made any false statement or representation (including any false statement or representation in connection with any matter arising under subchapter E of chapter 1 or subchapter A or E of chapter 9 of the Internal Revenue Code) as to the amount of any wages paid or received or the period during which earned or paid, or whoever makes or causes to be made any false statement of a material fact in any application for any payment under this title, or whoever makes or causes to be made any false statement, representation, affidavit, or document in connection with such an application, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.	SEC. 208. Whoever, for the purpose of causing an increase in any payment authorized to be made under this title, or for the purpose of causing any payment to be made where no payment is authorized under this title, shall make or cause to be made any false statement or representation (including any false statement or representation in connection with any matter arising under subchapter E of chapter 1 or subchapter A or E of chapter 9 of the Internal Revenue Code) as to the amount of any wages paid or received or the period during which earned or paid or as to the amount of net earnings from self-employment derived or the period during which derived, or whoever makes or causes to be made any false statement of a material fact in any application for any payment under this title, or whoever makes or causes to be made any false statement, representation, affidavit, or document in connection with such an application, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.
DEFINITION OF WAGES	DEFINITION OF WAGES
SEC. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include— (a) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year, is paid to such individual during such calendar year; * * * * *	SEC. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include— (a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year; (2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year; * * * * *

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(g) (1) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;	(g) (1) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;
(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in the quarter for such service is less than $50 or the employee is not regularly employed by the employer in such quarter of payment. For the purposes of this paragraph, an employee shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during the quarter the employee performs for the employer for some portion of the day domestic service in a private home of the employer, or (B) the employee was regularly employed (as determined under clause (A)) by the employer in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term "domestic service in a private home of the employer" does not include service described in section 210 (f) (5);	(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term "domestic service in a private home of the employer" does not include service described in section 210 (f) (5);
	(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in section 210 (f) (5);
(h) Remuneration paid in any medium other than cash for agricultural labor;	(h) (1) Remuneration paid in any medium other than cash for agricultural labor;
	(2) Cash remuneration paid by an employer in any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50;
* * * * *	* * * * *

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DEFINITION OF EMPLOYMENT

SEC. 210. For the purposes of this title—

Employment

(a) The term "employment" means any service performed after 1936 and prior to 1951 which was employment for the purposes of this title under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (e)); except that, in the case of service performed after 1950, such term shall not include—

(1) (A) Agricultural labor (as defined in subsection (f) of this section) performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor (other than service described in subparagraph (B)) is $50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For the purposes of this subparagraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(i) such individual performs agricultural labor (other than service described in subparagraph (B)) for such employer on a full-time basis on sixty days during such quarter, and

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DEFINITION OF EMPLOYMENT

SEC. 210. For the purposes of this title—

Employment

(a) The term "employment" means any service performed after 1936 and prior to 1951 which was employment for the purposes of this title under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 3121 (l) of the Internal Revenue Code of 1954 of a domestic corporation (as determined in accordance with section 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement, entered into pursuant to section 3121 (l) of the Internal Revenue Code of 1954, with respect to such subsidiary; except that, in the case of service performed after 1950, such term shall not include—

(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;

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(ii) the quarter was immediately preceded by a qualifying quarter.	
For the purposes of the preceding sentence, the term "qualifying quarter" means (I) any quarter during all of which such individual was continuously employed by such employer, or (II) any subsequent quarter which meets the test of clause (i) if, after the last quarter during all of which such individual was continuously employed by such employer, each intervening quarter met the test of clause (i). Notwithstanding the preceding provisions of this subparagraph, an individual shall also be deemed to be regularly employed by an employer during a calendar quarter if such individual was regularly employed (upon application of clauses (i) and (ii)) by such employer during the preceding calendar quarter.	
(B) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton;	(B) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;
(C) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended.	
(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;	(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;
(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer	

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in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in subsection (f) (5);	
(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;	(3) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;
(5) Service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;	(4) Service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer;
(6) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 1410 of the Internal Revenue Code by virtue of any provision of law which specifically refers to such section in granting such exemption;	(5) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 1410 of the Internal Revenue Code by virtue of any provision of law which specifically refers to such section in granting such exemption;
(7) (A) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;	(6) (A) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;
(B) Service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—	(B) Service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—
(i) service performed in the employ of a corporation which is wholly owned by the United States;	(i) service performed in the employee of a corporation which is wholly owned by the United States;
(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;	(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

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(iii) service performed in the employ of a State, county, or community committee under the Production and Marketing Administration; or

(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department;

(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner, of or to the Congress;

(ii) in the legislative branch;

(iii) in the field service of the Post Office Department unless performed by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;

(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;

(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

(vi) by any individual as an employee receiving nominal compensation of $12 or less per annum;

(vii) in a hospital, home, or other institution of the United

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(iii) service performed in the employ of a State, county, or community committee under the Production and Marketing Administration; or

(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department;

(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner, of or to the Congress;

(ii) in the legislative branch;

(iii) in the field service of the Post Office Department unless performed by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;

(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;

(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

(vi) by any individual as an employee receiving nominal compensation of $12 or less per annum;

(vii) in a hospital, home, or other institution of the United

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States by a patient or inmate thereof;

(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U. S. C., sec. 951);

(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

(xii) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

(xiii) by an individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;

(8) Service (other than service included under an agreement under section 218 and other than service which, under subsection (l), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

(9) (A) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under

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States by a patient or inmate thereof;

(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U. S. C., sec. 951);

(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

(xii) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

(xiii) by an individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;

(7) Service (other than service included under an agreement under section 218 and other than service which, under subsection (l), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

(8) (A) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under

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section 101 (6) of the Internal Revenue Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) of the Internal Revenue Code, is in effect if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section 1426 (l), or (ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;	section 101 (6) of the Internal Revenue Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) of the Internal Revenue Code, is in effect if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section 1426 (l), or (ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;
(10) Service performed by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;	(9) Service performed by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;
(11) (a) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code, if the remuneration for such service is less than $50;	(10) (a) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code, if the remuneration for such service is less than $50;
(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;	(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;
(12) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);	(11) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);
(13) Service performed in the employ of an instrumentality wholly owned by a foreign government—	(12) Service performed in the employ of an instrumentality wholly owned by a foreign government—
(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and	(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and
(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;	(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;
(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school char-	(13) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school char-

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tered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;	tered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;
(15) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);	
(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;	(14) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;
(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or	(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or
(17) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669).	(15) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669).
Included and Excluded Service	Included and Excluded Service
(b) If the services performed during one-half or more of any pay period by an employee for the person employing	(b) If the services performed during one-half or more of any pay period by an employee for the person employing

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him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term "pay period" means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (10) of subsection (a).	him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term "pay period" means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (9) of subsection (a).
* * * * *	* * * * *
Employee	Employee
(k) The term "employee" means—	(k) The term "employee" means—
(1) any officer of a corporation; or	(1) any officer of a corporation; or
(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or	(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or
(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—	(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—
(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;	(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;
(B) as a full-time life insurance salesman;	(B) as a full-time life insurance salesman;
(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed; or	(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him; or
(D) as a traveling or city salesman, other than as an agent-driver or commission-	(D) as a traveling or city salesman, other than as an agent-driver or commission-

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driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;	driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;
if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term "employee" under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.	if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term "employee" under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.
* * * * *	* * * * *
SELF-EMPLOYMENT	SELF-EMPLOYMENT
SEC. 211. For the purposes of this title—	SEC. 211. For the purposes of this title—
Net Earnings From Self-Employment	Net Earnings From Self-Employment
(a) The term "net earnings from self-employment" means the gross income, as computed under chapter 1 of the Internal Revenue Code, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183 of such code, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—	(a) The term "net earnings from self-employment" means the gross income, as computed under chapter 1 of the Internal Revenue Code, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183 of such code, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—
(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;	(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;
(2) There shall be excluded income derived from any trade or business in which, if the trade or	(2) There shall be excluded income derived from any trade or business in which, if the trade or

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business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f); and there shall be excluded all deductions attributable to such income;	business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f); and there shall be excluded all deductions attributable to such income;
(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 25 (a) of the Internal Revenue Code) are received in the course of a trade or business as a dealer in stocks or securities;	(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 25 (a) of the Internal Revenue Code) are received in the course of a trade or business as a dealer in stocks or securities;
(4) There shall be excluded any gain or loss (A) which is considered under chapter 1 of the Internal Revenue Code as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) of such code is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale to customers in the ordinary course of the trade or business;	(4) There shall be excluded any gain or loss (A) which is considered under chapter 1 of the Internal Revenue Code as gain or loss from the sale or exchange of a capital asset, (B) from the cutting of timber, or the disposal of timber or coal, if section 117 (j) of such code is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale to customers in the ordinary course of the trade or business;
(5) The deduction for net operating losses provided in section 23 (s) of such code shall not be allowed;	(5) The deduction for net operating losses provided in section 23 (s) of such code shall not be allowed;
(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;	(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;
(B) If any portion of a partner's distributive share of the ordinary	(B) If any portion of a partner's distributive share of the ordinary

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net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;	net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;
(7) (A) In the case of any taxable year beginning before the effective date specified in section 219, the term "possession of the United States" when used in section 251 of the Internal Revenue Code with respect to citizens of the United States shall include Puerto Rico;	(7) (A) In the case of any taxable year beginning before the effective date specified in section 219, the term "possession of the United States" when used in section 251 of the Internal Revenue Code with respect to citizens of the United States shall include Puerto Rico;
(B) In the case of any taxable year beginning on or after the effective date specified in section 219, a resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States but without regard to the provisions of section 116 (l) of such code.	(B) In the case of any taxable year beginning on or after the effective date specified in section 219, a resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States but without regard to the provisions of section 116 (l) of such code.
If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to 1951) ending within or with his taxable year.	If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to 1951) ending within or with his taxable year.
Self-Employment Income	Self-Employment Income
(b) The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after 1950; except that such term shall not include—	(b) The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after 1950; except that such term shall not include—
(1) That part of the net earnings from self-employment which is in excess of: (A) $3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or	(1) That part of the net earnings from self-employment which is in excess of—
	(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and
	(B) For any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or
(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.	(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

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In the case of any taxable year beginning prior to the effective date specified in section 219, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States during such taxable year shall be considered, for the purposes of this subsection, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 219) a resident of Puerto Rico shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.	In the case of any taxable year beginning prior to the effective date specified in section 219, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States during such taxable year shall be considered, for the purposes of this subsection, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 219) a resident of Puerto Rico shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.
Trade or Business	Trade or Business
(c) The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23 of the Internal Revenue Code, except that such term shall not include—	(c) The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23 of the Internal Revenue Code, except that such term shall not include—
(1) The performance of the functions of a public office;	(1) The performance of the functions of a public office;
(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (16) (B) performed by an individual who has attained the age of eighteen);	(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of eighteen, and other than service described in paragraph (4) of this subsection);
(3) The performance of service by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;	(3) The performance of service by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;
(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or	(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or
(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of such service by a partnership.	(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of such service by a partnership.
* * * * *	The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious

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order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under section 1402 (e) of the Internal Revenue Code of 1954 is in effect.

* * * * *

QUARTER AND QUARTER OF COVERAGE

Definitions

SEC. 213. (a) For the purposes of this title—

(1) The term "quarter", and the term "calendar quarter", means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) (A) The term "quarter of coverage" means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled.

(B) The term "quarter of coverage" means, in the case of a quarter occurring after 1950, a quarter in which the individual has been paid $50 or more in wages or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage;

(ii) if the wages paid to any individual in a calendar year equal or exceed $3,600, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such taxable year equals $3,600, each quarter any part of which falls

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QUARTER AND QUARTER OF COVERAGE

Definitions

SEC. 213. (a) For the purposes of this title—

(1) The term "quarter", and the term "calendar quarter", means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) (A) The term "quarter of coverage" means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages, except that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a period of disability, other than the initial quarter of such period.

(B) The term "quarter of coverage" means, in the case of a quarter occurring after 1950, a quarter in which the individual has been paid $50 or more in wages or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954, each

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in such year shall be a quarter of coverage; and	quarter of such year shall (subject to clause (i)) be a quarter of coverage;
(iv) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.	(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;
	(iv) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.
* * * * *	* * * * *
INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS	INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS
SEC. 214. For the purposes of this title—	SEC. 214. For the purposes of this title—
Fully Insured Individual	Fully Insured Individual
(a) (1) In the case of any individual who died prior to September 1, 1950, the term "fully insured individual" means any individual who had not less than one quarter of coverage (whenever acquired) for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage.	(a) (1) In the case of any individual who died prior to September 1, 1950, the term "fully insured individual" means any individual who had not less than one quarter of coverage (whenever acquired) for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage.
(2) In the case of any individual who did not die prior to September 1, 1950, the term "fully insured individual" means any individual who had not less than—	(2) In the case of any individual who did not die prior to September 1, 1950, the term "fully insured individual" means any individual who had not less than—
(A) one quarter of coverage (whether acquired before or after such day) for each two of the quarters elapsing after 1950, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage; or	(A) one quarter of coverage (whether acquired before or after such day) for each two of the quarters elapsing after 1950, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage; or
(B) forty quarters of coverage.	(B) forty quarters of coverage,
	not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in

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	section 216 (i)) unless such quarter was a quarter of coverage.
	(3) In the case of any individual who did not die prior to January 1, 1955, the term "fully insured individual" means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, but only if there are not fewer than six of such quarters so elapsing.
(3) When the number of elapsed quarters specified in paragraph (1) or (2) (A) is an odd number, for purposes of such paragraph such number shall be reduced by one.	(4) When the number of elapsed quarters specified in paragraph (1) or (2) (A) is an odd number, for purposes of such paragraph such number shall be reduced by one.
Currently Insured Individual	Currently Insured Individual
(b) The term "currently insured individual" means any individual who had not less than six quarters of coverage during the thirteen-quarter period ending with (1) the quarter in which he died, (2) the quarter in which he became entitled to old-age insurance benefits, or (3) the quarter in which he became entitled to primary insurance benefits under this title as in effect prior to the enactment of this section.	(b) The term "currently insured individual" means any individual who had not less than six quarters of coverage during the thirteen-quarter period ending with (1) the quarter in which he died, (2) the quarter in which he became entitled to old-age insurance benefits, or (3) the quarter in which he became entitled to primary insurance benefits under this title as in effect prior to the enactment of this section, not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage.
COMPUTATION OF PRIMARY INSURANCE AMOUNT	COMPUTATION OF PRIMARY INSURANCE AMOUNT
SEC. 215. For the purposes of this title—	SEC. 215. For the purposes of this title—
Primary Insurance Amount	Primary Insurance Amount
(a) (1) The primary insurance amount of an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage shall be 55 per centum of the first $100 of his average monthly wage, plus 15 per centum of the next $200 of such wage; except that, if his average monthly wage is less than $48, his primary insurance amount shall be the amount appearing in column II of the following table on the line on which in column I appears his average monthly wage.	(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after August 1954, or who dies after such month and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

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I Average Monthly Wage	II Primary Insurance Amount
$34 or less	$25
$35 through $47	$26

(2) The primary insurance amount of an individual who attained age twenty-two prior to 1951 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage shall be whichever of the following is the larger—

(A) the amount computed as provided in paragraph (1) of this subsection; or

(B) the amount determined under subsection (c).

(3) The primary insurance amount of any other individual shall be the amount determined under subsection (c).

Average Monthly Wage

(b) (1) An individual's "average monthly wage" shall be the quotient obtained by dividing the total of—

(A) his wages after his starting date (determined under paragraph (2)) and prior to his wage closing date (determined under paragraph (3)), and

(B) his self-employment income after such starting date and prior to his self-employment income closing date (determined under paragraph (3))

by the number of months elapsing after such starting date and prior to his divisor closing date (determined under paragraph (3)) excluding from such elapsed months any month in any quarter prior to the quarter in which he attained the age of twenty-two which was not a quarter of coverage, except that when the number of such elapsed months thus computed is less than eighteen, it shall be increased to eighteen.

(2) An individual's "starting date" shall be December 31, 1950, or, if later, the day preceding the quarter in which he attained the age of twenty-two, whichever results in the higher average monthly wage.

(3) (A) Except to the extent provided in paragraph (D), an individual's "wage closing date" shall be the first day of the second quarter preceding the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred.

(B) Except to the extent provided in paragraph (D), an individual's "self-

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(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

(B) The amount determined under subsection (c).

An individual shall, for the purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c).

Average Monthly Wage

(b) (1) An individual's "average monthly wage" shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage, except that when the number of such elapsed months thus computed (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen.

(2) An individual's "starting date" shall be—

(A) December 31, 1950, or

(B) if later, the last day of the year in which he attains the age of twenty-one,

whichever results in the higher primary insurance amount.

(3) An individual's "closing date" shall be whichever of the following results in the higher primary insurance amount:

(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

(B) the first day of the first year

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employment income closing date" shall be the day following the quarter in which ends his last taxable year (i) which ended before the month in which he died or became entitled to old-age insurance benefits, whichever first occurred, and (ii) during which he derived self-employment income.	in which he both was fully insured and had attained retirement age; except that if the Secretary determines, on the basis of the evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher primary insurance amount for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A).
(C) Except to the extent provided in paragraph (D), an individual's "divisor closing date" shall be the later of his wage closing date and his self-employment income closing date.	
(D) In the case of an individual who died or became entitled to old-age insurance benefits after the first quarter in which he both was fully insured and had attained retirement age, the determination of his closing dates shall be made as though he became entitled to old-age insurance benefits in such first quarter, but only if it would result in a higher average monthly wage for such individual.	
(4) Notwithstanding the preceding provisions of this subsection, in computing an individual's average monthly wage, there shall not be taken into account any self-employment income of such individual for taxable years ending in or after the month in which he died or became entitled to old-age insurance benefits, whichever first occurred.	(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average monthly wage. The maximum number of calendar years determined under the first sentence of this paragraph shall be five instead of four in the case of any individual who has not less than twenty quarters of coverage.
Determinations Made by Use of the Conversion Table	Determinations Made by Use of the Conversion Table
(c) (1) The amount referred to in paragraph (3) and clause (B) of paragraph (2) of subsection (a) for an individual shall be the amount appearing in column II of the following table on the line on which in column I appears his primary insurance benefit (determined as provided in subsection (d)); and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing on such line in column III.	(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

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I If the primary insurance benefit (as determined under subsection (d)) is:	II The primary insurance amount shall be:	III And the average monthly wage for purpose of computing maximum benefits shall be:
$10	$25.00	$45.00
$11	27.00	49.00
$12	29.00	53.00
$13	31.00	56.00
$14	33.00	60.00
$15	35.00	64.00
$16	36.70	67.00
$17	38.20	69.00
$18	39.50	72.00
$19	40.70	74.00
$20	42.00	76.00
$21	43.50	79.00
$22	45.30	82.00
$23	47.50	86.00
$24	50.10	91.00
$25	52.40	95.00
$26	54.40	99.00
$27	56.30	109.00
$28	58.00	120.00
$29	59.40	129.00
$30	60.80	139.00
$31	62.00	147.00
$32	63.30	155.00
$33	64.40	163.00
$34	65.50	170.00
$35	66.60	177.00
$36	67.80	185.00
$37	68.90	193.00
$38	70.00	200.00
$39	71.00	207.00
$40	72.00	213.00
$41	73.10	221.00
$42	74.10	227.00
$43	75.10	234.00
$44	76.10	241.00
$45	77.10	250.00
$46	77.10	250.00

(2) In case the primary insurance benefit of an individual (determined as provided in subsection (d)) falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (2) (B) and (3) of subsection (a) for such individual shall be the amount determined with respect to such benefit (under the applicable regulations in effect on May 1, 1952), increased by 12½ per centum or $5, whichever is the larger, and further increased, if it is not then a multiple of $0.10, to the next higher multiple of $0.10.

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I If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d)) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the

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(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Administrator is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount

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amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954.

(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this paragraph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than $77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $5 greater than such primary insurance amount.

(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount

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is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon application of the provisions of subsection (a) (1) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1.	is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50).
Primary Insurance Benefit for Purposes of Conversion Table	Primary Insurance Benefit and Primary Insurance Amount for Purposes of Conversion Table
(d) For the purposes of subsection (c), the primary insurance benefits of individuals shall be determined as follows:	(d) For the purposes of subsection (c , the primary insurance benefits and the primary insurance amounts of individuals shall be determined as follows:
(1) In the case of any individual who was entitled to a primary insurance benefit for August 1950, his primary insurance benefit shall, except as provided in paragraph (2), be the primary insurance benefit to which he was so entitled.	(1) In the case of any individual who was entitled to a primary insurance benefit for August 1950, his primary insurance benefit shall, except as provided in paragraph (2), be the primary insurance benefit to which he was so entitled.
(2) In the case of any individual to whom paragraph (1) is applicable and who is a World War II veteran or in August 1950 rendered services for wages of $15 or more, his primary insurance benefit shall be whichever of the following is larger: (A) the primary insurance benefit to which he was entitled for August 1950, or (B) his primary insurance benefit for August 1950 recomputed, under section 209 (q) of the Social Security Act as in effect prior to the enactment of this section, in the same manner as if such individual had filed application for and was entitled to a recomputation for August 1950, except that in making such recomputation section 217 (a) shall be applicable if such individual is a World War II veteran.	(2) In the case of any individual to whom paragraph (1) is applicable and who is a World War II veteran or in August 1950 rendered services for wages of $15 or more, his primary insurance benefit shall be whichever of the following is larger: (A) the primary insurance benefit to which he was entitled for August 1950, or (B) his primary insurance benefit for August 1950 recomputed, under section 209 (q) of the Social Security Act as in effect prior to the enactment of this section, in the same manner as if such individual had filed application for and was entitled to a recomputation for August 1950, except that in making such recomputation section 217 (a) shall be applicable if such individual is a World War II veteran.
(3) In the case of any individual who died prior to September 1950, his primary insurance benefit shall be determined as provided in this title as in effect prior to the enactment of this section, except that section 217 (a) shall be applicable, in lieu of section 210 of this Act as in effect prior to the enactment of this section, but only if it results in a larger primary insurance benefit.	(3) In the case of any individual who died prior to September 1950, his primary insurance benefit shall be determined as provided in this title as in effect prior to the enactment of this section, except that section 217 (a) shall be applicable, in lieu of section 210 of this Act as in effect prior to the enactment of this section, but only if it results in a larger primary insurance benefit.
(4) In the case of any other individual, his primary insurance benefit shall be computed as provided in this title as in effect prior to the enactment of this section, except that—	(4) In the case of any other individual (except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage), his primary insurance benefit shall be computed as
(A) In the computation of such benefit, such individual's average	

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monthly wage shall (in lieu of being determined under section 209 (f) of such title as in effect prior to the enactment of this section) be determined as provided in subsection (b) of this section, except that his starting date shall be December 31, 1936. (B) For purposes of such computation, the date he became entitled to old-age insurance benefits shall be deemed to be the date he became entitled to primary insurance benefits. (C) The 1 per centum addition provided for in section 209 (e) (2) of this Act as in effect prior to the enactment of this section shall be applicable only with respect to calendar years prior to 1951. (D) The provisions of subsection (e) shall be applicable to such computation.	provided in this title as in effect prior to the enactment of this section, except that— (A) In the computation of such benefit, such individual's average monthly wage shall (in lieu of being determined under section 209 (f) of such title as in effect prior to the enactment of this section) be determined as provided in subsection (b) of this section, except that his starting date shall be December 31, 1936. (B) For purposes of such computation, the date he became entitled to old-age insurance benefits shall be deemed to be the date he became entitled to primary insurance benefits. (C) The 1 per centum addition provided for in section 209 (e) (2) of this Act as in effect prior to the enactment of this section shall be applicable only with respect to calendar years prior to 1951. (D) The provisions of subsection (e) shall be applicable to such computation. (5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted. (6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and 106 of the Social Security Amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability) shall, to the extent provided by such sections, be applicable to such computation.
Certain Wages and Self-Employment Income Not To Be Counted (e) For the purposes of subsections (b) and (d) (4)— (1) in computing an individual's average monthly wage there shall not be counted, in the case of any calendar year after 1950, the excess over $3,600 of (A) the wages paid	Certain Wages and Self-Employment Income Not To Be Counted (e) For the purposes of subsections (b) and (d) (4)— (1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955,

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to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and	and the excess over $4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212);
(2) if an individual's average monthly wage computed under subsection (b) or for the purposes of subsection (d) (4) is not a multiple of $1, it shall be reduced to the next lower multiple of $1.	(2) if an individual's average monthly wage computed under subsection (b) or for the purposes of subsection (d) (4) is not a multiple of $1, it shall be reduced to the next lower multiple of $1;
	(3) if an individual's closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) (C); and
	(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability.
Recomputation of Benefits	Recomputation of Benefits
(f) (1) After an individual's primary insurance amount has been determined under this section, there shall be no recomputation of such individual's primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who died prior to July 27, 1954, as provided in section 217 (b).	(f) (1) After an individual's primary insurance amount has been determined under this section, there shall be no recomputation of such individual's primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who died prior to July 27, 1954, as provided in section 217 (b).
(2) (A) Upon application by an individual entitled to old-age insurance benefits, the Administrator shall recompute his primary insurance amount if application therefor is filed after the twelfth month for which deductions under paragraph (1) or (2) of section 203 (b) have been imposed (within a period of thirty-six months) with respect to such benefit, not taking into account any month prior to September 1950 or prior to the earliest month for which the last previous computation of his primary insurance amount was effective, and if not less than six of the quarters elapsing after 1950 and prior to the quarter in which he filed such application are quarters of coverage.	(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—
	(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,
	(ii) he has wages and self-employment income of more than $1,200 in a calendar year which occurs after 1953 (not taking into account any year prior to the calendar year in which the last previous recomputation, if any, of his primary insurance amount was effective) and after the year in which he became

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(B) Upon application by an individual who, in or before the month of filing of such application, attained the age of 75 and who is entitled to old-age insurance benefits for which the primary insurance amount was computed under subsection (a) (3) of this section, the Administrator shall recompute his primary insurance amount if not less than six of the quarters elapsing after 1950 and prior to the quarter in which he filed application for such recomputation are quarters of coverage.	(without the application of section 202 (j) (1)) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) (B) or 102 (f) (2) (B) of the Social Security Amendments of 1954 whichever of such events is the latest, and (iii) he filed such application no earlier than six months after such calendar year referred to in clause (ii) in which he had such wages and self-employment income.
(C) A recomputation under subparagraphs (A) and (B) of this paragraph shall be made only as provided in subsection (a) (1) and shall take into account only such wages and self-employment income as would be taken into account under subsection (b) if the month in which application for recomputation is filed were deemed to be the month in which the individual became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the month in which such application for recomputation is filed.	Such recomputation shall be effective for and after the twelfth month before the month in which he filed such application for recomputation but in no event earlier than the month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual's self-employment income shall be allocated to calendar quarters in accordance with section 212.
	(B) A recomputation pursuant to subparagraph (A) shall be made as provided in subsection (a) of this section and as though the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, but only if the provisions of subsection (b) (4) were not applicable to the last previous computation of his primary insurance amount. If the provisions of subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable.
(3) (A) Upon application by an individual entitled to old-age insurance benefits, filed at least six months after the month in which he became so entitled, the Administrator shall recompute his primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount except that his closing dates for purposes of subsection (b) shall be deemed to be the first day	(3) (A) Upon application by an individual— (i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after August, 1954, or (ii) whose primary insurance amount was recomputed under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, or

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of the quarter in which he became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits.

(B) Upon application by a person entitled to monthly benefits on the basis of the wages and self-employment income of an individual who died after August 1950, the Administrator shall recompute such individual's primary insurance amount if such application is filed at least six months after the month in which such individual died or became entitled to old-age insurance benefits, whichever first occurred. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount except that his closing dates for purposes of subsection (b) shall be deemed to be the first day of the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred. Such recomputation shall be effective for and after the month in which such person who filed the application for recomputation became entitled to such monthly benefits. No recomputation under this paragraph shall affect the amount of the lump-sum death payment under subsection (i) of section 202 and no such recomputation shall render erroneous any such payment certified by the Administrator prior to the effective date of the recomputation.

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(iii) whose primary insurance amount was recomputed as provided in the first sentence of paragraph (2) (B) of this subsection on the basis of an application filed after August 1954,

the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made in the manner provided in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to

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which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.

(B) In the case of an individual who dies after August 1954—

(i) who, at the time of death, was not entitled to old-age insurance benefits under section 202 (a), or who became entitled to old-age insurance benefits under section 202 (a) after August 1954, or whose primary insurance amount was recomputed under paragraph (2) or (4) of this subsection, or section 102 (e) (5) or section 102 (f) (2) (B) of the Social Security Amendments of 1954, on the basis of an application filed after August 1954; and

(ii) with respect to whom the last previous computation or recomputation of his primary insurance amount was based upon a closing date determined under subparagraph (A) or (B) of subsection (b) (3) of this section,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the day following the year of death in case he died without becoming entitled to old-age insurance benefits, or, in case he was entitled to old-age insurance benefits, the day following the year in which was filed the application for the last previous computation of his primary insurance amount or in which the individual died, whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.

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(4) Upon the death after August 1950 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Administrator shall recompute the decedent's primary insurance amount, but (except as provided in paragraph (3) (B)) only if—

(A) the decedent would have been entitled to a recomputation under paragraph (2) if he had filed application therefor in the month in which he died; or

(B) the decedent during his lifetime was paid compensation which is treated, under section 205 (o), as remuneration for employment.

If recomputation is permitted by subparagraph (A), the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the divisor closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B), the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the divisor closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made.

(5) In the case of any individual who became entitled to old-age insurance benefits in 1952 or in a taxable year

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(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount after the close of such taxable year, taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits.

(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if—

(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or

(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) (A) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made.

(5) In the case of any individual who became entitled to old-age insurance benefits in 1952 or in a taxable year

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which began in 1952 (and without the application of section 202 (j) (1)), or who died in 1952 or in a taxable year which began in 1952 but did not become entitled to such benefits prior to 1952, and who had self-employment income for a taxable year which ended within or with 1952 or which began in 1952, then upon application filed after the close of such taxable year by such individual or (if he died without filing such application) by a person entitled to monthly benefits on the basis of such individual's wages and self-employment income, the Administrator shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section (other than subsection (b) (4) (A)) for computation of such amount, except that (A) the self-employment income closing date shall be the day following the quarter with or within which such taxable year ended, and (B) the self-employment income for any subsequent taxable year shall not be taken into account. Such recomputation shall be effective (A) in the case of an application filed by such individual, for and after the first month in which he became entitled to old-age insurance benefits, and (B) in the case of an application filed by any other person, for and after the month in which such person who filed such application for recomputation became entitled to such monthly benefits. No recomputation under this paragraph pursuant to an application filed after such individual's death shall affect the amount of the lump-sum death payment under subsection (i) of section 202, and no such recomputation shall render erroneous any such payment certified by the Administrator prior to the effective date of the recomputation.	which began in 1952 (and without the application of section 202 (j) (1)), or who died in 1952 or in a taxable year which began in 1952 but did not become entitled to such benefits prior to 1952, and who had self-employment income for a taxable year which ended within or with 1952 or which began in 1952, then upon application filed after the close of such taxable year by such individual or (if he died without filing such application) by a person entitled to monthly benefits on the basis of such individual's wages and self-employment income, the Administrator shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section (other than subsection (b) (4) (A)) for computation of such amount, except that (A) the self-employment income closing date shall be the day following the quarter with or within which such taxable year ended, and (B) the self-employment income for any subsequent taxable year shall not be taken into account. Such recomputation shall be effective (A) in the case of an application filed by such individual, for and after the first month in which he became entitled to old-age insurance benefits, and (B) in the case of an application filed by any other person, for and after the month in which such person who filed such application for recomputation became entitled to such monthly benefits. No recomputation under this paragraph pursuant to an application filed after such individual's death shall affect the amount of the lump-sum death payment under subsection (i) of section 202, and no such recomputation shall render erroneous any such payment certified by the Administrator prior to the effective date of the recomputation.
(6) Any recomputation under this subsection shall be effective only if such recomputation results in a higher primary insurance amount.	(6) Any recomputation under this subsection shall be effective only if such recomputation results in a higher primary insurance amount.
* * * * *	* * * * *
OTHER DEFINITIONS	OTHER DEFINITIONS
SEC. 216. For the purposes of this title—	SEC. 216. For the purposes of this title—
* * * * *	* * * * *
	Disability; Period of Disability
	(i) (1) The term "disability" means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or

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(B) blindness; and the term "blindness" means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

(2) The term "period of disability" means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains retirement age. Except as provided in paragraph (4), a period of disability shall begin—

(A) if the individual satisfies the requirements of paragraph (3) on such day,

(i) on the day the disability began, or

(ii) on the first day of the one-year period which ends with the day before the day on which the individual files such application,

whichever occurs later;

(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the first month in which either the disability ceases or the individual attains retirement age. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall

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be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted.

(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

(4) If an individual files an application for a disability determination after December 1954, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability, if such individual does not die prior to July 1, 1955, shall be—

(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day; or

(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements.

BENEFITS IN CASE OF VETERANS

SEC. 217. (a) (1) For purposes of determining entitlement to and the amount of any monthly benefit for any month after August 1950, or entitlement to and the amount of any lump-sum death payment in case of a death after such month, payable under this title on the basis of the wages and self-employment income of any World War II veteran, such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of $160 in each month during any part of which he served in the active military or naval service of the United States during World War II. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

BENEFITS IN CASE OF VETERANS

SEC. 217. (a) (1) For purposes of determining entitlement to and the amount of any monthly benefit for any month after August 1950, or entitlement to and the amount of any lump-sum death payment in case of a death after such month, payable under this title on the basis of the wages and self-employment income of any World War II veteran, and for purposes of section 216 (i) (3), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of $160 in each month during any part of which he served in the active military or naval service of the United States during World War II. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

(A) a larger such benefit or payment, as the case may be, would be

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(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran during World War II is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.	payable without its application; or (B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran during World War II is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.
The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by $0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based.	The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by $0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based. The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3).
(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any World War II veteran, the Federal Security Administrator shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran during World War II, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Federal Security Administrator shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.	(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any World War II veteran, the Federal Security Administrator shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran during World War II, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Federal Security Administrator shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.
(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in	(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in

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whole or in part, on military or naval service during World War II shall, at the request of the Federal Security Administrator, certify to him, with respect to any veteran, such information as the Administrator deems necessary to carry out his functions under paragraph (2) of this subsection.	whole or in part, on military or naval service during World War II shall, at the request of the Federal Security Administrator, certify to him, with respect to any veteran, such information as the Administrator deems necessary to carry out his functions under paragraph (2) of this subsection.
* * * * *	* * * * *
(e) (1) For purposes of determining entitlement to and the amount of any monthly benefit or lump-sum death payment payable under this title on the basis of the wages and self-employment income of any veteran (as defined in paragraph (4)), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of $160 in each month during any part of which he served in the active military or naval service of the United States on or after July 25, 1947, and prior to July 1, 1955. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—	(e) (1) For purposes of determining entitlement to and the amount of any monthly benefit or lump-sum death payment payable under this title on the basis of the wages and self-employment income of any veteran (as defined in paragraph (4)), and for purposes of section 216 (i) (3), such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of $160 in each month during any part of which he served in the active military or naval service of the United States on or after July 25, 1947, and prior to July 1, 1955. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—
(A) a larger such benefit or payment, as the case may be, would be payable without its application; or	(A) a larger such benefit or payment, as the case may be, would be payable without its application; or
(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran on or after July 25, 1947, and prior to July 1, 1955, is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.	(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran on or after July 25, 1947, and prior to July 1, 1955, is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.
The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by $0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based.	The provisions of clause (B) shall not apply in the case of any monthly benefit or lump-sum death payment under this title if its application would reduce by $0.50 or less the primary insurance amount (as computed under section 215 prior to any recomputation thereof pursuant to subsection (f) of such section) of the individual on whose wages and self-employment income such benefit or payment is based. The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3).
(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any veteran, the Federal Security Administrator shall make a decision without regard to clause (B) of para-	(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any veteran, the Federal Security Administrator shall make a decision without regard to cause (B) or para-

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graph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran on or after July 25, 1947, and prior to July 1, 1955, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Federal Security Administrator shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.	graph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran on or after July 25, 1947, and prior to July 1, 1955, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Federal Security Administrator shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.
(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service on or after July 25, 1947, and prior to July 1, 1955, shall, at the request of the Federal Security Administrator, certify to him, with respect to any veteran, such information as the Administrator deems necessary to carry out his functions under paragraph (2) of this subsection.	(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service on or after July 25, 1947, and prior to July 1, 1955, shall, at the request of the Federal Security Administrator, certify to him, with respect to any veteran, such information as the Administrator deems necessary to carry out his functions under paragraph (2) of this subsection.
(4) For the purposes of this subsection, the term "veteran" means any individual who served in the active military or naval service of the United States at any time on or after July 25, 1947, and prior to July 1, 1955, and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.	(4) For the purposes of this subsection, the term "veteran" means any individual who served in the active military or naval service of the United States at any time on or after July 25, 1947, and prior to July 1, 1955, and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.
VOLUNTARY AGREEMENTS FOR COVERAGE OF STATE AND LOCAL EMPLOYEES	VOLUNTARY AGREEMENTS FOR COVERAGE OF STATE AND LOCAL EMPLOYEES
Purpose of Agreement	Purpose of Agreement
SEC. 218. (a) (1) The Administrator shall, at the request of any State, enter into an agreement with such State for	SEC. 218. (a) (1) The Administrator shall, at the request of any State, enter into an agreement with such State for

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the purpose of extending the insurance system established by this title to services performed by individuals as employees of such State or any political subdivision thereof. Each such agreement shall contain such provisions, not inconsistent with the provisions of this section, as the State may request.	the purpose of extending the insurance system established by this title to services performed by individuals as employees of such State or any political subdivision thereof. Each such agreement shall contain such provisions, not inconsistent with the provisions of this section, as the State may request.
(2) Notwithstanding section 210 (a), for the purposes of this title the term "employment" includes any service included under an agreement entered into under this section.	(2) Notwithstanding section 210 (a), for the purposes of this title the term "employment" includes any service included under an agreement entered into under this section.
Definitions	Definitions
(b) For the purposes of this section—	(b) For the purposes of this section—
(1) The term "State" does not include the District of Columbia.	(1) The term "State" does not include the District of Columbia.
(2) The term "political subdivision" includes an instrumentality of (A) a State, (B) one or more political subdivisions of a State, or (C) a State and one or more of its political subdivisions.	(2) The term "political subdivision" includes an instrumentality of (A) a State, (B) one or more political subdivisions of a State, or (C) a State and one or more of its political subdivisions.
(3) The term "employee" includes an officer of a State or political subdivision.	(3) The term "employee" includes an officer of a State or political subdivision.
(4) The term "retirement system" means a pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof.	(4) The term "retirement system" means a pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof.
(5) The term "coverage group" means (A) employees of the State other than those engaged in performing service in connection with a proprietary function; (B) employees of a political subdivision of a State other than those engaged in performing service in connection with a proprietary function; (C) employees of a State engaged in performing service in connection with a single proprietary function; or (D) employees of a political subdivision of a State engaged in performing service in connection with a single proprietary function. If under the preceding sentence an employee would be included in more than one coverage group by reason of the fact that he performs service in connection with two or more proprietary functions or in connection with both a proprietary function and a nonproprietary function, he shall be included in only one such coverage group. The determination of the coverage group in which such employee shall be included shall be made in such manner as may be specified in the agreement.	(5) The term "coverage group" means (A) employees of the State other than those engaged in performing service in connection with a proprietary function; (B) employees of a political subdivision of a State other than those engaged in performing service in connection with a proprietary function; (C) employees of a State engaged in performing service in connection with a single proprietary function; or (D) employees of a political subdivision of a State engaged in performing service in connection with a single proprietary function. If under the preceding sentence an employee would be included in more than one coverage group by reason of the fact that he performs service in connection with two or more proprietary functions or in connection with both a proprietary function and a nonproprietary function, he shall be included in only one such coverage group. The determination of the coverage group in which such employee shall be included shall be made in such manner as may be specified in the agreement. Civilian employees of National Guard units of a State who are employed pursuant to

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	section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group. For purposes of this section, individuals employed pursuant to an agreement, entered into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624) or section 14 of the Perishable Agricultural Commodities Act, 1930 (7 U. S. C. 499n), between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products may be deemed, at the option of the State, to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group.
Services Covered	Services Covered
(c) (1) An agreement under this section shall be applicable to any one or more coverage groups designated by the State.	(c) (1) An agreement under this section shall be applicable to any one or more coverage groups designated by the State.
(2) In the case of each coverage group to which the agreement applies, the agreement must include all services (other than services excluded by or pursuant to subsection (d) or paragraph (3), (5), or (6) of this subsection) performed by individuals as members of such group.	(2) In the case of each coverage group to which the agreement applies, the agreement must include all services (other than services excluded by or pursuant to subsection (d) or paragraph (3), (5), or (6) of this subsection) performed by individuals as members of such group.
(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any services of an emergency nature or all services in any class or classes of elective positions, part-time positions, or positions the compensation for which is on a fee basis.	(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following: (A) Any service of an emergency nature; (B) All services in any class or classes of (i) elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis; (C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services in

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	such positions have not already been included under such agreement pursuant to subsection (d) (3).
(4) The Administrator shall, at the request of any State, modify the agreement with such State so as to (A) include any coverage group to which the agreement did not previously apply, or (B) include, in the case of any coverage group to which the agreement applies, services previously excluded from the agreement; but the agreement as so modified may not be inconsistent with the provisions of this section applicable in the case of an original agreement with a State.	(4) The Administrator shall, at the request of any State, modify the agreement with such State so as to (A) include any coverage group to which the agreement did not previously apply, or (B) include in the case of any coverage group to which the agreement applies, services previously excluded from the agreement; but the agreement as so modified may not be inconsistent with the provisions of this section applicable in the case of an original agreement with a State. A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3).
(5) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any agricultural labor, or service performed by a student, designated by the State. This paragraph shall apply only with respect to service which is excluded from employment by any provision of section 210 (a) other than paragraph (8) of such section.	(5) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any agricultural labor, or service performed by a student, designated by the State. This paragraph shall apply only with respect to service which is excluded from employment by any provision of section 210 (a) other than paragraph (7) of such section and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h).
(6) Such agreement shall exclude— (A) service performed by an individual who is employed to relieve him from unemployment, (B) service performed in a hospital, home, or other institution by a patient or inmate thereof, (C) covered transportation service (as determined under section 210 (l)), and (D) service (other than agricultural labor or service performed by a student) which is excluded from employment by any provision of section 210 (a) other than paragraph (8) of such section.	(6) Such agreement shall exclude— (A) service performed by an individual who is employed to relieve him from unemployment, (B) service performed in a hospital, home, or other institution by a patient or inmate thereof, (C) covered transportation service (as determined under section 210 (l)), and (D) service (other than agricultural labor or service performed by a student) which is excluded from employment by any provision of section 210 (a) other than paragraph (7) of such section.
	(7) No agreement may be made applicable (either in the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual

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	to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State.
Exclusion of Positions Covered by Retirement Systems	Positions Covered by Retirement Systems
(d) No agreement with any State may be made applicable (either in the original agreement or by any modification thereof) to any service performed by employees as members of any coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group.	(d) (1) No agreement with any State may be made applicable (either in the original agreement or by any modification thereof) to any service performed by employees as members of any coverage group in positions covered by a retirement system either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A)). The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system. (2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof. (3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof)

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to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

(C) Not less than ninety days' notice of such referendum was given to all such employees;

(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

(E) A majority of the eligible employees voted in favor of including service in such positions under an agreement under this section.

An employee shall be deemedan "eligible employee" for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an "eligible employee" if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after the last previous referendum held with respect to such retirement system.

(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

(A) all employees in positions which were covered by the same retirement system on the date the

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agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

(B) all employees in positions which became covered by such system at any time after such date; and

(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned. If a retirement system covers positions

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	of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term "institutions of higher learning" includes junior colleges and teachers' colleges.
* * * * *	* * * * *
Effective Date of Agreement	Effective Date of Agreement
(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification, but in no case prior to January 1, 1951, and in no case (other than in the case of an agreement or modification agreed to prior to January 1, 1953) prior to the first day of the calendar year in which such agreement or modification, as the case may be, is agreed to by the Administrator and the State.	(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that— (1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950; (2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and (3) in the case of an agreement or modification agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State.
* * * * *	* * * * *
WISCONSIN RETIREMENT FUND	WISCONSIN RETIREMENT FUND
(m) (1) Notwithstanding subsection (d), the agreement with the State of Wisconsin may, subject to the provisions of this subsection, be modified so as to apply to service performed by employees in positions covered by the Wisconsin retirement fund.	(m) (1) Notwithstanding paragraph (1) of subsection (d), the agreement with the State of Wisconsin may, subject to the provisions of this subsection, be modified so as to apply to service performed by employees in positions covered by the Wisconsin retirement fund.
(2) All employees in positions covered by the Wisconsin retirement fund at any time on or after January 1, 1951, shall, for the purposes of subsection (c) only, be deemed to be a separate coverage group; except that there shall be excluded from such separate coverage group all employees in positions to which the agreement applies without regard to this subsection.	(2) All employees in positions covered by the Wisconsin retirement fund at any time on or after January 1, 1951, shall, for the purposes of subsection (c) only, be deemed to be a separate coverage group; except that there shall be excluded from such separate coverage group all employees in positions to which the agreement applies without regard to this subsection.
(3) The modification pursuant to this subsection shall exclude (in the case of employees in the coverage group established by paragraph (2) of this subsection) service performed by any individual during any period before he is included under the Wisconsin retirement fund.	(3) The modification pursuant to this subsection shall exclude (in the case of employees in the coverage group established by paragraph (2) of this subsection) service performed by any individual during any period before he is included under the Wisconsin retirement fund.

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(4) The modification pursuant to this subsection shall, if the State of Wisconsin requests it, exclude (in the case of employees in the coverage group established by paragraph (2) of this subsection) all service performed in policemen's positions, all service performed in firemen's positions, or both.

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(4) The modification pursuant to this subsection shall, if the State of Wisconsin requests it, exclude (in the case of employees in the coverage group established by paragraph (2) of this subsection) all service performed in policemen's positions, all service performed in firemen's positions, or both.

Certain Positions No Longer Covered By Retirement Systems

(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of this subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services.

Certain Employees of the State of Utah

(o) Notwithstanding the provisions of subsection (d), the agreement with the State of Utah entered into pursuant to this section may be modified pursuant to subsection (c) (4) so as to apply to services performed for any of the following, the employees performing services for each of which shall constitute a separate coverage group: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Training School, State Board of Education, and Utah School Employees Retirement Board. Any modification agreed to prior to January 1, 1955, may be made effective with respect to services performed by employees as members of any of such coverage groups after an effective date specified therein, except that in no case may any such date be earlier than December 31, 1950.

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DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

DISABILITY DETERMINATIONS

SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability began, and the determination of the day on which such disability ceases, shall except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in the State as may be designated in the agreement at the State's request.

(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, may determine that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

(d) Any individual dissatisfied with any determination under subsection (a), (c), or (g) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205 (g).

SOCIAL SECURITY ACT

AS AMENDED BY H. R. 9366

(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Fund at the time or times fixed by the Secretary, in accordance with such certification.

(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Fund.

(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

REFERRAL FOR REHABILITATION SERVICES

SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity.

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SOCIAL SECURITY ACT

TITLE IV—GRANTS TO STATES FOR AID TO DEPENDENT CHILDREN

* * * * *

PAYMENT TO STATES

SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts extended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same home, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $30—

(A) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of

AS AMENDED BY H. R. 9366

TITLE IV—GRANTS TO STATES FOR AID TO DEPENDENT CHILDREN

* * * * *

PAYMENT TO STATES

SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts extended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same home, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $30—

(A) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of

SOCIAL SECURITY ACT	AS AMENDED BY H. R. 9366
administering the State plan or for aid to dependent children, or both, and for no other purpose.	administering the State plan or for aid to dependent children, or both, and for no other purpose.
(b) The method of computing and paying such amounts shall be as follows:	(b) The method of computing and paying such amounts shall be as follows:
(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of dependent children in the State, and (C) such other investigation as the Administrator may find necessary.	(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of dependent children in the State, and (C) such other investigation as the Administrator may find necessary.
(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to aid to dependent children furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Administrator for such prior quarter.	(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to aid to dependent children furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Administrator for such prior quarter.
(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Administrator, the amount so certified.	(3) The Secretary of the Treasury, shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Administrator, the amount so certified.
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SOCIAL SECURITY ACT

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

* * * * *

PAYMENT TO STATES

SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month, plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made avail-

AS AMENDED BY H. R. 9366

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

* * * * *

PAYMENT TO STATES

SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month, plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made avail-

SOCIAL SECURITY ACT	AS AMENDED BY H. R. 9366
able by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of blind individuals in the State, and (C) such other investigation as the Administrator may find necessary.	able by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of blind individuals in the State, and (C) such other investigation as the Administrator may find necessary.
(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator, of the net amount recovered during a prior quarter by the State or any political subdivision thereof with respect to aid to the blind furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Administrator for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.	(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator, of the net amount recovered during a prior quarter by the State or any political subdivision thereof with respect to aid to the blind furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Administrator for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.
(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Administrator, the amount so certified.	(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Administrator, the amount so certified.
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SOCIAL SECURITY ACT AMENDMENTS OF 1950

* * * * *

APPROVAL OF CERTAIN STATE PLANS

SEC. 344. (a) In the case of any State (as defined in the Social Security Act, but excluding Puerto Rico and the Virgin Islands) which did not have on January 1, 1949, a State plan for aid to the blind approved under title X of the Social Security Act, the Administrator shall approve a plan of such State for aid to the blind for the purposes of such title X, even though it does not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act, if it meets all other requirements of such title X for an approved plan for aid to the blind; but payments under section 1003 of the Social Security Act shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of such section under a plan approved under such title X without regard to the provisions of this section.

(b) The provisions of subsection (a) shall be effective only for the period beginning October 1, 1950, and ending June 30, 1955.

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AS AMENDED BY H. R. 9366

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APPROVAL OF CERTAIN STATE PLANS

SEC. 344. (a) In the case of any State (as defined in the Social Security Act, but excluding Puerto Rico and the Virgin Islands) which did not have on January 1, 1949, a State plan for aid to the blind approved under title X of the Social Security Act, the Administrator shall approve a plan of such State for aid to the blind for the purposes of such title X, even though it does not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act, if it meets all other requirements of such title X for an approved plan for aid to the blind; but payments under section 1003 of the Social Security Act shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of such section under a plan approved under such title X without regard to the provisions of this section.

(b) The provisions of subsection (a) shall be effective only for the period beginning October 1, 1950, and ending June 30, 1957.

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SOCIAL SECURITY ACT AMENDMENTS OF 1952

AN ACT To amend title II of the Social Security Act to increase old-age and survivors insurance benefits, to preserve insurance rights of permanently and totally disabled individuals, and to increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Act Amendments of 1952".

INCREASE IN BENEFIT AMOUNTS

Benefits Computed by Conversion Table

SEC. 2.* * *

Effective Dates

(c) (1) The amendments made by subsection (a) shall, subject to the provisions of paragraph (2) of this subsection and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for any month after, August 1952.

AS AMENDED BY H. R. 9366

AN ACT To amend title II of the Social Security Act to increase old-age and survivors insurance benefits, to preserve insurance rights of permanently and totally disabled individuals, and to increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Act Amendments of 1952".

INCREASE IN BENEFIT AMOUNTS

Benefits Computed by Conversion Table

SEC 2. * * *

Effective Dates

(c) (1) The amendments made by subsection (a) shall, subject to the provisions of paragraph (2) of this subsection and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for any month after, August 1952.

SOCIAL SECURITY ACT AMENDMENTS OF 1952	AS AMENDED BY H. R. 9366
(2) (A) In the case of any individual who is (without the application of section 202 (j) (1) of the Social Security Act) entitled to a monthly benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of such section 202 for August 1952, whose benefit for such month is computed through use of a primary insurance amount determined under paragraph (1) or (2) of section 215 (c) of such Act, and who is entitled to such benefit for any succeeding month on the basis of the same wages and self-employment income, the amendments made by this section shall not (subject to the provisions of subparagraph (B) of this paragraph) apply for purposes of computing the amount of such benefit for such succeeding month. The amount of such benefit for such succeeding month shall instead be equal to the larger of (i) 112½ per centum of the amount of such benefit (after the application of sections 203 (a) and 215 (g) of the Social Security Act as in effect prior to the enactment of this Act) for August 1952, increased, if it is not a multiple of $0.10, to the next higher multiple of $0.10, or (ii) the amount of such benefit (after the application of sections 203 (a) and 215 (g) of the Social Security Act as in effect prior to the enactment of this Act) for August 1952, increased by an amount equal to the product obtained by multiplying $5 by the fraction applied to the primary insurance amount which was used in determining such benefit, and further increased, if such product is not a multiple of $0.10, to the next higher multiple of $0.10. The provisions of section 203 (a) of the Social Security Act, as amended by this section (and, for purposes of such section 203 (a), the provisions of section 215 (c) (4) of the Social Security Act, as amended by this section), shall apply to such benefit as computed under the preceding sentence of this subparagraph, and the resulting amount, if not a multiple of $0.10, shall be increased to the next higher multiple of $0.10.	(2) (A) In the case of any individual who is (without the application of section 202 (j) (1) of the Social Security Act) entitled to a monthly benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of such section 202 for August 1952, whose benefit for such month is computed through use of a primary insurance amount determined under paragraph (1) or (2) of section 215 (c) of such Act, and who is entitled to such benefit for any succeeding month on the basis of the same wages and self-employment income, the amendments made by this section shall not (subject to the provisions of subparagraph (B) of this paragraph) apply for purposes of computing the amount of such benefit for such succeeding month. The amount of such benefit for such succeeding month shall instead be equal to the larger of (i) 112½ per centum of the amount of such benefit (after the application of sections 203 (a) and 215 (g) of the Social Security Act as in effect prior to the enactment of this Act) for August 1952, increased, if it is not a multiple of $0.10, to the next higher multiple of $0.10, or (ii) the amount of such benefit (after the application of sections 203 (a) and 215 (g) of the Social Security Act as in effect prior to the enactment of this Act) for August 1952, increased by an amount equal to the product obtained by multiplying $5 by the fraction applied to the primary insurance amount which was used in determining such benefit, and further increased, if such product is not a multiple of $0.10, to the next higher multiple of $0.10. The provisions of section 203 (a) of the Social Security Act, as amended by this section (and, for purposes of such section 203 (a), the provisions of section 215 (c) (4) of the Social Security Act, as amended by this section), shall apply to such benefit as computed under the preceding sentence of this subparagraph, and the resulting amount, if not a multiple of $0.10, shall be increased to the next higher multiple of $0.10.
(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual for any month under title II of the Social Security Act, beginning with the first month after August 1952 for which (i) another individual becomes entitled, on the basis of the same wages and self-employment income, to a benefit under such title to which he was not entitled, on the basis of such wages and self-employment income, for August 1952; or (ii) another individual, entitled for August 1952 to a benefit under such title on the basis of the same wages and	(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after August 1954.

SOCIAL SECURITY ACT AMENDMENTS OF 1952

self-employment income, is not entitled to such benefit on the basis of such wages and self-employment income; or (iii) the amount of any benefit which would be payable on the basis of the same wages and self-employment income under the provisions of such title, as amended by this Act, differs from the amount of such benefit which would have been payable for August 1952 under such title, as so amended, if the amendments made by this Act had been applicable in the case of benefits under such title for such month.

(3) The amendments made by subsection (b) shall (notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after August 1952, and in the case of monthly benefits under such section for months after August 1952.

* * * * *

SEC. 8. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds

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(3) The amendments made by subsection (b) shall (notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after August 1952, and in the case of monthly benefits under such section for months after August 1952.

* * * * *

SEC. 8. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30,

SOCIAL SECURITY ACT AMENDMENTS OF 1952	AS AMENDED BY H. R. 9366
$30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."	and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."
(b) Section 403 (a) of such Act is amended to read as follows:	(b) Section 403 (a) of such Act is amended to read as follows:
"SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same home, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $30—	"SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same some, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $30—
"(A) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus	"(A) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus
"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);	"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);
and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect	and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12

SOCIAL SECURITY ACT AMENDMENTS OF 1952	AS AMENDED BY H. R. 9366
to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose."	with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose."
(c) Section 1003 (a) of such Act is amended to read as follows:	(c) Section 1003 (a) of such Act is amended to read as follows:
"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—	"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—
"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month, plus	"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month, plus
"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);	"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);
and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose."	and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose."
(d) Section 1403 (a) of such Act is amended to read as follows:	(d) Section 1403 (a) of such Act is amended to read as follows:

SOCIAL SECURITY ACT AMENDMENTS OF 1952	AS AMENDED BY H. R. 9366
"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—	"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—
"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month, plus	"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month, plus
"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);	"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);
and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose."	and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose."
(e) The amendments made by this section shall be effective for the period beginning October 1, 1952, and ending with the close of September 30, 1954, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted.	(e) The amendments made by this section shall be effective for the period beginning October 1, 1952, and ending with the close of September 30, 1956, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted.

RAILROAD RETIREMENT ACT OF 1937, AS AMENDED

DEFINITIONS

SECTION 1. For the purposes of this Act—

* * * * *

(q) The terms "Social Security Act" and "Social Security Act, as amended" shall mean the Social Security Act as amended in 1952.

ANNUITIES

SEC. 2. * * *

(c) An annuity shall begin to accrue as of a date to be specified in a written application (to be made in such manner and form as may be prescribed by the Board and to be signed by the individual entitled thereto), but—

(1) not before the date following the last day of compensated service of the applicant, and

(2) not more than six months before the filing of the application.

* * * * *

ANNUITIES AND LUMP SUMS FOR SURVIVORS

SEC. 5. * * *

(i) DEDUCTIONS FROM ANNUITIES.—(1) Deductions shall be made from any payments under this section to which an individual is entitled, until the total of such deductions equals such individual's annuity or annuities under this section for any month in which such individual—

(i) will have rendered compensated service within or without the United States to an employer;

(ii) will have rendered service for wages of not less than $75;

(iii) if a child under eighteen and over sixteen years of age, will have failed to attend school regularly and the Board finds that attendance will have been feasible; or

(iv) if a widow otherwise entitled to an annuity under subsection (b) will not have had in her care a child of the deceased employee entitled to receive an annuity under subsection (c);

* * * * *

AS AMENDED BY H. R. 9366

DEFINITIONS

SECTION 1. For the purposes of this Act—

* * * * *

(q) The terms "Social Security Act" and "Social Security Act, as amended" shall mean the Social Security Act as amended in 1954.

ANNUITIES

SEC. 2. * * *

(c) An annuity shall begin to accrue as of a date to be specified in a written application (to be made in such manner and form as may be prescribed by the Board and to be signed by the individual entitled thereto), but—

(1) not before the date following the last day of compensated service of the applicant, and

(2) not more than twelve months before the filing of the application.

* * * * *

ANNUITIES AND LUMP SUMS FOR SURVIVORS

SEC. 5. * * *

(i) DEDUCTIONS FROM ANNUITIES.—(1) Deductions shall be made from any payments under this section to which an individual is entitled until the total of such deductions equals such individual's annuity or annuities under this section for any month in which such individual—

(i) will have rendered compensated service within or without the United States to an employer;

(ii) will have been under the age of seventy-two and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on seven or more different calendar days in noncovered remunerative activity outside the United States (as defined in section 203 (k) of the Social Security Act); and for purposes of this subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this subdivision applies were entitled to benefits under section 202 of such Act;

RAILROAD RETIREMENT ACT OF 1937, AS AMENDED

(j) WHEN ANNUITIES BEGIN AND END.—No individual shall be entitled to receive an annuity under this section for any month before January 1, 1947. An application for any payment under this section shall be made and filed in such manner and form as the Board prescribes. An annuity under this section for an individual otherwise entitled thereto shall begin with the month in which eligibility therefor was otherwise acquired, but not earlier than the first day of the sixth month before the month in which the application was filed. No application for an annuity under this section filed prior to three months before the first month for which the applicant becomes otherwise entitled to receive such annuity shall be accepted. No annuity shall be payable for the month in which the recipient thereof ceases to be qualified therefor.

(k) PROVISIONS FOR CREDITING RAILROAD INDUSTRY SERVICE UNDER THE SOCIAL SECURITY ACT IN CERTAIN CASES.—(1) For the purpose of (i) determining insurance benefits under title II of the Social Security Act to an employee who will have completed less than ten years of service and to others deriving from him or her during his or her life and with respect to his or her death, and lump-sum death payments with respect to the death of such employee, and (ii) insurance benefits with respect to the death of an employee who will have completed ten years of service which would begin to accrue on or after January 1, 1947, and with respect to lump-sum death payments under such title payable in relation to a death of such an employee occurring on or after such date and for the purposes of section 203 of that Act, section 15 of the Railroad Retirement Act of 1935, section 210 (a) (10) of the Social Security Act, and section 17 of this Act shall not operate to exclude from "employment," under title II of the Social Security Act, service which would otherwise be included in such "employment" but for such sections. For such purpose, compensation paid in a calendar year shall,

AS AMENDED BY H. R. 9366

(iii) if a child under eighteen and over sixteen years of age, will have failed to attend school regularly and the Board finds that attendance will have been feasible; or

(iv) if a widow otherwise entitled to an annuity under subsection (b) will not have had in her care a child of the deceased employee entitled to receive an annuity under subsection (c);

* * * * *

(j) WHEN ANNUITIES BEGIN AND END.—No individual shall be entitled to receive an annuity under this section for any month before January 1, 1947. An application for any payment under this section shall be made and filed in such manner and form as the Board prescribes. An annuity under this section for an individual otherwise entitled thereto shall begin with the month in which eligibility therefor was otherwise acquired, but not earlier than the first day of the twelfth month before the month in which the application was filed. No application for an annuity under this section filed prior to three months before the first month for which the applicant becomes otherwise entitled to receive such annuity shall be accepted. No annuity shall be payable for the month in which the recipient thereof ceases to be qualified therefor.

(k) PROVISIONS FOR CREDITING RAILROAD INDUSTRY SERVICE UNDER THE SOCIAL SECURITY ACT IN CERTAIN CASES.—(1) For the purpose of (i) determining insurance benefits under title II of the Social Security Act to an employee who will have completed less than ten years of service and to others deriving from him or her during his or her life and with respect to his or her death, and lump-sum death payments with respect to the death of such employee, and (ii) insurance benefits with respect to the death of an employee who will have completed ten years of service which would begin to accrue on or after January 1, 1947, and with respect to lump-sum death payments under such title payable in relation to a death of such an employee occurring on or after such date and for the purposes of sections 203 and 216 (i) (3) of that Act, section 15 of the Railroad Retirement Act of 1935, section 210 (a) (10) of the Social Security Act, and section 17 of this Act shall not operate to exclude from "employment," under title II of the Social Security Act, service which would otherwise be included in such "employment" but for such sections. For such purpose, compensation paid in

RAILROAD RETIREMENT ACT OF 1937, AS AMENDED

in the absence of evidence to the contrary, be presumed to have been paid in equal proportions with respect to all months in the year in which the employee will have been in services as an employee. In the application of the Social Security Act pursuant to this paragraph to service as an employee, all service as defined in section 1 (c) of this Act shall be deemed to have been performed within the United States.

* * * * *

(l) DEFINITIONS.—For the purposes of this section the term "employee" includes an individual who will have been an "employee," and—

* * * * *

(9) An employee's "average monthly remuneration" shall mean the quotient obtained by dividing (A) the sum of (i) the compensation paid to him after 1936 and before the quarter in which he will have died, eliminating any excess over $300 for any calendar month, and (ii) if such compensation for any calendar year is less than $3,600 and the average monthly remuneration computed on compensation alone is less than $300 and the employee has earned in such calendar year "wages" as defined in paragraph (6) hereof, such wages, in an amount not to exceed the difference between the compensation for such year and $3,600, by (B) three times the number of quarters elapsing after 1936 and before the quarter in which he will have died: *Provided*, That for the period prior to and including the calendar year in which he will have attained the age of twenty-two there shall be included in the divisor not more than three times the number of quarters of coverage in such period: *Provided further*, That there shall be excluded from the divisor any calendar quarter which is not a quarter of coverage and during any part of which a retirement annuity will have been payable to him: *And provided further*, That if the exclusion from the divisor of all quarters beginning with the first quarter in which the employee was completely insured and had attained the age of sixty-five and the exclusion from the dividend of all compensation and wages with respect to such quarters would result in a higher average monthly remuneration, such quarters, compensation and wages shall be so excluded.

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a calendar year shall, in the absence of evidence to the contrary, be presumed to have been paid in equal proportions with respect to all months in the year in which the employee will have been in services as an employee. In the application of the Social Security Act pursuant to this paragraph to service as an employee, all service as defined in section 1 (c) of this Act shall be deemed to have been performed within the United States.

* * * * *

(l) DEFINITIONS.—For the purposes of this section the term "employee" includes an individual who will have been an "employee," and—

* * * * *

(9) An employee's "average monthly remuneration" shall mean the quotient obtained by dividing (A) the sum of (i) the compensation paid to him after 1936 and before the quarter in which he will have died, eliminating any excess over $300 for any calendar month, and (ii) if such compensation for any calendar year is less than $4,200 and the average monthly remuneration computed on compensation alone is less than $300 and the employee has earned in such calendar year "wages" as defined in paragraph (6) hereof, such wages, in an amount not to exceed the difference between the compensation for such year and $4,200, by (B) three times the number of quarters elapsing after 1936 and before the quarter in which he will have died: *Provided*, That for the period prior to and including the calendar year in which he will have attained the age of twenty-two there shall be included in the divisor not more than three times the number of quarters of coverage in such period: *Provided further*, That there shall be excluded from the divisor any calendar quarter which is not a quarter of coverage and during any part of which a retirement annuity will have been payable to him: *And provided further*, That if the exclusion from the divisor of all quarters beginning with the first quarter in which the employee was completely insured and had attained the age of sixty-five and the exclusion from the dividend of all compensation and wages with respect to such quarters would result in a higher average monthly remuneration, such quarters, compensation and wages shall be so excluded.

INTERNAL REVENUE CODE OF 1954

(NOTE.—The Internal Revenue Code of 1954 has not, at the time of filing of this report, been enacted into law. It is expected, however, that the 1954 Code will become law prior to the enactment of this bill, or at substantially the same time as the enactment of this bill.)

Subtitle A—Income Taxes

CHAPTER 1—NORMAL TAXES AND SURTAXES

* * * * * * *

Subchapter B—Computation of Taxable Income

* * * * * * *

PART VI—ITEMIZED DEDUCTIONS FOR INDIVIDUALS AND CORPORATIONS

Sec. 161. Allowance of deductions.
Sec. 162. Trade or business expenses.
Sec. 163. Interest.
Sec. 164. Taxes.
Sec. 165. Losses.
Sec. 166. Bad debts.
Sec. 167. Depreciation.
Sec. 168. Amortization of emergency facilities.
Sec. 169. Amortization of grain-storage facilities.
Sec. 170. Charitable, etc., contributions and gifts.
Sec. 171. Amortizable bond premium.
Sec. 172. Net operating loss deduction.
Sec. 173. Circulation expenditures.
Sec. 174. Research and experimental expenditures.
Sec. 175. Soil and water conservation expenditures.
Sec. 176. Payments with respect to employees of certain foreign corporations.

SEC. 161. ALLOWANCE OF DEDUCTIONS.

In computing taxable income under section 63 (a), there shall be allowed as deductions the items specified in this part, subject to the exceptions provided in part IX (sec. 261 and following, relating to items not deductible).

* * * * * * *

SEC. 176. PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.

In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121 (l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received.

* * * * * * *

CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

Sec. 1401. Rate of tax.
Sec. 1402. Definitions.
Sec. 1403. Miscellaneous provisions.

SEC. 1401. RATE OF TAX.

In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

(1) in the case of any taxable year beginning before January 1, 1960, the tax shall be equal to 3 percent of the amount of the self-employment income for such taxable year;

(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 3¾ percent of the amount of the self-employment income for such taxable year;

(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year;

[(4) in the case of any taxable year beginning after December 31, 1969, the tax shall be equal to 4⅞ percent of the amount of the self-employment income for such taxable year.]

(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year;

(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year.

SEC. 1402. DEFINITIONS.

(a) NET EARNINGS FROM SELF-EMPLOYMENT.—The term "net earnings from self-employment" means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702 (a) (9) from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary income or loss—

(1) there shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;

(2) there shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121 (g); and there shall be excluded all deductions attributable to such income;

(3) there shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interst (other than interest described in section 35) are received in the course of a trade or business as a dealer in stocks or securities;

(4) there shall be excluded any gain or loss—

(A) which is considered as gain or loss from the sale or exchange of a capital asset,

(B) from the cutting of timber, or the disposal of timber or coal, if section 631 applies to such gain or loss, or

(C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither—

(i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor

(ii) property held primarily for sale to customers in the ordinary course of the trade or business;

(5) the deduction for net operating losses provided in section 172 shall not be allowed;

(6) if—

(A) any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife; and

(B) any portion of a partner's distributive share of the ordinary income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

(7) a resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States but without regard to section 933;

(8) the deduction for personal exemptions provided in section 151 shall not be allowed.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based on the ordinary income or loss of the partnership for any taxable year of the partnership ending within or with his taxable year.

(b) SELF-EMPLOYMENT INCOME.—The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year; except that such term shall not include—

[(1) that part of the net earnings from self-employment which is in excess of—

(A) $3,600, minus

(B) the amount of the wages paid to such individual during the taxable year; or]

(1) that part of the net earnings from self-employment which is in excess of—

(A) for any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

(B) for any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or

(2) the net earnings from self-employment, if such net earnings for the taxable year are less than $400.

For purposes of clause (1), the term "wages" includes such remuneration paid to an employee for services included under an agreement entered into pursuant to the provisions of section 218 of the Social Security Act (relating to coverage of State employees), *or under an agreement entered into pursuant to the provisions of section 3121 (l) (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations)*, as would be wages under section 3121 (a) if such services constituted employment under section 3121 (b). An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or a resident of Puerto Rico shall not for purposes of this chapter be considered to be a nonresident alien individual.

(c) TRADE OR BUSINESS.—The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 162 (relating to trade or business expenses), except that such term shall not include—

(1) the performance of the functions of a public office;

(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (16) (B) performed by an individual who has attained the age of 18 *and other than service described in paragraph (4) of this subsection)*;

(3) the performance of service by an individual as an employee or employee representative as defined in section 3231;

(4) the performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or

(5) the performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of such service by a partnership.

The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect.

(d) EMPLOYEE AND WAGES.—The term "employee" and the term "wages" shall have the same meaning as when used in chapter 21 (sec. 3101 and following, relating to Federal Insurance Contributions Act).

(e) MINISTERS AND MEMBERS OF RELIGIOUS ORDERS.—

(1) WAIVER CERTIFICATE.—Any individual who is a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter)

certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service, described in subsection (c) (4), performed by him.

(2) TIME FOR FILING CERTIFICATE.—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to paragraph (4) of subsection (c)) of $400 or more, any part of which was derived from his performance of service described in such paragraph (4).

(3) EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable.

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Subtitle C—Employment Taxes

CHAPTER 21. Federal insurance contributions act.
CHAPTER 22. Railroad retirement tax act.
CHAPTER 23. Federal unemployment tax act.
CHAPTER 24. Collection of income tax at source on wages.
CHAPTER 25. General provisions relating to employment taxes.

CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

SUBCHAPTER A. Tax on employees.
SUBCHAPTER B. Tax on employers.
SUBCHAPTER C. General provisions.

Subchapter A—Tax on Employees

Sec. 3101. Rate of tax.
Sec. 3102. Deduction of tax from wages.

SEC. 3101. RATE OF TAX.

In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

(1) with respect to wages received during the calendar years 1955 to 1959, both inclusive, the rate shall be 2 percent;

(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 2½ percent;

(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 percent;

[(4) with respect to wages received after December 31, 1969, the rate shall be 3¼ percent.]

(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ percent;

(5) with respect to wages received after December 31, 1974, the rate shall be 4 percent.

SEC. 3102. DEDUCTION OF TAX FROM WAGES.

(a) REQUIREMENT.—The tax imposed by section 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid. *An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C), (8) (B), or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50.*

(b) INDEMNIFICATION OF EMPLOYER.—Every employer required so to deduct the tax shall be liable for the payment of such tax, and shall be indemnified against the claims and demands of any person for the amount of any such payment made by such employer.

Subchapter B—Tax on Employers

Sec. 3111. Rate of tax.
Sec. 3112. Instrumentalities of the United States.

SEC. 3111. RATE OF TAX.

In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

(1) with respect to wages paid during the calendar years 1955 to 1959, both inclusive, the rate shall be 2 percent;

(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 2½ percent;

(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 percent;

[(4) with respect to wages paid after December 31, 1969, the rate shall be 3¼ percent.]

(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ percent;

(5) with respect to wages paid after December 31, 1974, the rate shall be 4 percent.

SEC. 3112. INSTRUMENTALITIES OF THE UNITED STATES.

Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 3111 unless such other provision of law grants a specific exemption, by reference to section 3111 (or the corresponding section of prior law), from the tax imposed by such section.

Subchapter C—General Provisions

Sec. 3121. Definitions.
Sec. 3122. Federal service.
Sec. 3123. Deductions as constructive payments.
Sec. 3124. Estimate of revenue reduction.
Sec. 3125. Short title.

SEC. 3121. DEFINITIONS.

(a) WAGES.—For purposes of this chapter, the term "wages" means all remuneration for employment, including the cash value on all remuneration paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to [$3,600] *$4,200* with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to [$3,600] *$4,200* to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

(2) the amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class

or classes of his employees (or for a class or classes of his employees and their dependents), on account of—

(A) retirement, or

(B) sickness or accident disability, or

(C) medical or hospitalization expenses in connection with sickness or accident disability, or

(D) death;

(3) any payment made to an employee (incuding any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

(4) any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of 6 calendar months following the last calendar month in which the employee worked for such employer;

(5) any payment made to, or on behalf of, an employee or his beneficiary—

(A) from or to a trust described in section 401 (a) which is exempt from tax under section 501 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or

(B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 401 (a) (3), (4), (5), and (6);

(6) the payment by an employer (without deduction from the remuneration of the employee)—

(A) of the tax imposed upon an employee under section 3101 (or the corresponding section of prior law), or

(B) of any payment required from an employee under a State unemployment compensation law;

(7) (A) remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

[(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in the quarter for such service is less than $50 or the employee is not regularly employed by the employer in such quarter of payment. For purposes of this subparagraph, an employee shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(i) on each of some 24 days during the quarter the employee performs for the employer for some portion of the day domestic service in a private home of the employer, or

(ii) the employee was regularly employed (as determined under clause (i)) by the employer in the performance of such service during the preceding calendar quarter.

As used in this subparagraph, the term "domestic service in a private home of the employer" does not include service described in subsection (g) (5);]

(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term "domestic service in a private home of the employer" does not include service described in subsection (g) (5);

(C) cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5);

(8) (A) remuneration paid in any medium other than cash for agricultural labor;

(B) cash remuneration paid by an employer in any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50;

(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 65, if he did not work for the employer in the period for which such payment is made; or

(10) remuneration paid by an employer in any calendar quarter to an employee for service described in subsection (d) (3) (C) (relating to homeworkers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50.

(b) EMPLOYMENT.—For purposes of this chapter, the term "employment" means any service performed after 1936 and prior to 1955 which was employment for purposes of subchapter A of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1954 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (h)); except that, in the case of service performed after 1954, such term shall not include—

[(1) (A) agricultural labor (as defined in subsection (g)) performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor (other than service described in subparagraph (B)) is $50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For purposes of this subparagraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

[(i) such individual performs agricultural labor (other than service described in subparagraph (B)) for such employer on a full-time basis on 60 days during such quarter, and

[(ii) the quarter was immediately preceded by a qualifying quarter.

For purposes of the preceding sentence, the term "qualifying quarter" means—

[(I) any quarter during all of which such individual was continuously employed by such employer, or

[(II) any subsequent quarter which meets the test of clause (i) if, after the last quarter during all of which such individual was continuously employed by such employer, each intervening quarter met the test of clause (i).

Notwithstanding the preceding provisions of this subparagraph, an individual shall also be deemed to be regularly employed by an employer during a calendar quarter if such individual was regularly employed (upon application of clauses (i) and (ii)) by such employer during the preceding calendar quarter;

[(B) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g), of the Agricultural Marketing Act, as amended (46 Stat. 1550, § 3; 12 U. S. C. 1141j), or in connection with the ginning of cotton;

[(C) service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468);]

(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

(B) service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468);

(2) domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

[(3) service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(A) on each of some 24 days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or

(B) such individual was regularly employed (as determined under subparagraph (A)) by such employer in the performance of such service during the preceding calendar quarter.

As used in this paragraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5);]

[(4)] (3) service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

[(5)] (4) service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, [if the individual is employed on and in connection with such vessel or aircraft when outside the United States]; *if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer.*

[(6)] (5) service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 3111 by virtue of any provision of law which specifically refers to such section (or the corresponding section of prior law) in granting such exemption;

[(7)] (6) (A) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

(B) service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code of 1939 on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—

(i) service performed in the employ of a corporation which is wholly owned by the United States;

(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

(iii) service performed in the employ of a State, county, or community committee under the Commodity Stabilization Service; or

(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department;

(C) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner, of or to the Congress;

(ii) in the legislative branch;

(iii) in the field service of the Post Office Department unless performed by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;

(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;

(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) because he is paid on a contract or fee basis;

(vi) by any individual as an employee receiving nominal compensation of $12 or less per annum;

(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (60 Stat. 1011; 22 U. S. C. 951);

(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and

other student employees of hospitals of the Federal Government) (61 Stat. 727; 5 U. S. C. 1052);

(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

(xii) as a member of a State, county, or community committee under the Commodity Stabilization Service or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

(xiii) by an individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement system;

[(8)] *(7)* service (other than service which, under subsection (j), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

[(9)] *(8)* (A) service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(B) service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a), but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (k) (or the corresponding subsection of prior law), is in effect if such service is performed by an employee—

(i) whose signature appears on the list filed by such organization under subsection (k) (or the corresponding subsection of prior law); or

(ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;

[(10)] *(9)* service performed by an individual as an employee or employee representative as defined in section 3231;

[(11)] *(10)* (A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 401 (a) (other than an organization described in section 501 (e)) or under section 521, if the remuneration for such service is less than $50;

(B) service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

[(12)] *(11)* service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

[(13)] *(12)* service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) if the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) if the Secretary of State shall certify to the Secretary that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

[(14)] *(13)* service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an intern in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law;

[(15) service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except—

[(A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and

[(B) service performed on or in connection with a vessel of more than 10 net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);]

[(16)] *(14)* (A) service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or

[(17)] *(15)* service performed in the employ of an international organization.

(c) INCLUDED AND EXCLUDED SERVICE.—For purposes of this chapter, if the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term "pay period" means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by subsection (b) (10).

(d) EMPLOYEE.—For purposes of this chapter, the term "employee" means—

(1) any officer of a corporation; or

(2) any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an employee; or

(3) any individual (other than an individual who is an employee under paragraph (1) or (2)) who performs services for remuneration for any person—

(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

(B) as a full-time life insurance salesman;

(C) as a homeworker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him[, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed]; or

(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for sideline sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;

if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term "employee" under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transactions, not part of a continuing relationship with the person for whom the services are performed.

(e) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

(1) STATE.—The term "State" includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(2) UNITED STATES.—The term "United States" when used in a geographical sense includes Puerto Rico and the Virgin Islands.

An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.

(f) AMERICAN VESSEL AND AIRCRAFT.—For purposes of this chapter, the term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented nor numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State; and the term "American aircraft" means an aircraft registered under the laws of the United States.

(g) AGRICULTURAL LABOR.—For purposes of this chapter, the term "agricultural labor" includes all service performed—

(1) on a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

(2) in the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm;

(3) in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, § 3; 12 U. S. C. 1141j), or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes;

(4) (A) in the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed;

(B) in the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than 20 at any time during the calendar quarter in which such service is performed;

(C) the provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption; or

(5) on a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(h) AMERICAN EMPLOYER.—For purposes of this chapter, the term "American employer" means an employer which is—

(1) the United States or any instrumentality thereof,

(2) an individual who is a resident of the United States,

(3) a partnership, if two-thirds or more of the partners are residents of the United States.

(4) a trust, if all of the trustees are residents of the United States, or

(5) a corporation organized under the laws of the United States or of any State.

(i) COMPUTATION OF WAGES IN CERTAIN CASES.—For purposes of this chapter, in the case of domestic service described in subsection (a) (7) (B), any payment of

cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this chapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to $1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

(j) COVERED TRANSPORTATION SERVICE.—For purposes of this chapter—

(1) EXISTING TRANSPORTATION SYSTEMS—GENERAL RULE.—Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

(2) EXISTING TRANSPORTATION SYSTEMS—CASES IN WHICH NO TRANSPORTATION EMPLOYEES, OR ONLY CERTAIN EMPLOYEES, ARE COVERED.—Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and substantially all service in connection with the operation of the transportation system was, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951;

except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

(D) prior to such acquisition rendered service in employment (including as employment service covered by an agreement under section 218 of the Social Security Act) in connection with the operation of such part of the transportation system acquired by the State or political subdivision,

the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

(3) TRANSPORTATION SYSTEMS ACQUIRED AFTER 1950.—All service performed in the employ of a State or political subdivision thereof in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

(4) DEFINITIONS.—For purposes of this subsection—

(A) The term "general retirement system" means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired

constituted employment under this chapter or subchapter A of chapter 9 of the Internal Revenue Code of 1939 or was covered by an agreement made pursuant to section 218 of the Social Security Act and some of such employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

(C) The term "political subdivision" includes an instrumentality of

(i) a State,

(ii) one or more political subdivisions of a State, or

(iii) a State and one or more of its political subdivisions.

(k) EXEMPTION OF RELIGIOUS, CHARITABLE, AND CERTAIN OTHER ORGANIZATIONS.—

(1) WAIVER OF EXEMPTION BY ORGANIZATION.—An organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees and that at least two-thirds of its employees concur in the filing of the certificate. Such certificate may be filed only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended, at any time prior to the expiration of the first month following the first calendar quarter for which the certificate is in effect, by filing with such official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this chapter. The certificate shall be in effect (for purposes of subsection (b) (9) (B) and for purposes of section 210 (a) (9) (B) of the Social Security Act) for the period beginning with the first day following the close of the calendar quarter in which such certificate is filed. The period for which a certificate filed pursuant to this subsection or the corresponding subsection of prior law is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this chapter.

(2) TERMINATION OF WAIVER PERIOD BY SECRETARY OR HIS DELEGATE.—If the Secretary or his delegate finds that any organization which filed a certificate pursuant to this subsection or the corresponding subsection of prior law has failed to comply substantially with the requirements of this chapter or the corresponding provisions of prior law or is no longer able to comply with the requirements of this chapter, the Secretary or his delegate shall give such organization not less than 60 days' advance notice in writing that the period covered by such certificate will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the organization. No notice of termination or of revocation thereof shall be given under this paragraph to an organization without the prior concurrence of the Secretary of Health, Education, and Welfare.

(3) NO RENEWAL OF WAIVER.—In the event of the period covered by a certificate filed pursuant to this subsection or the corresponding subsection of prior law is terminated by the organization, no certificate may again be filed by such organization pursuant to this subsection.

(l) AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.—

(1) AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.—The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one

or more of its foreign subsidiaries (as defined in paragraph (8)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the term "employment" or "wages", as defined in this section, had the service been performed in the United States. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, with respect to any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, on or after the effective date of the agreement, are employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

(A) that the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary or his delegate may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section; and

(B) that the domestic corporation will comply with such regulations relating to payments and reports as the Secretary or his delegate may prescribe to carry out the purposes of this subsection.

(2) EFFECTIVE PERIOD OF AGREEMENT.—An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

(3) TERMINATION OF PERIOD BY A DOMESTIC CORPORATION.—The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign corporation shall terminate at the end of any calendar quarter in which the foreign corporation, at any time in such quarter, ceases to be a foreign subsidiary as defined in paragraph (8).

(4) TERMINATION OF PERIOD BY SECRETARY.—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

(5) NO RENEWAL OF AGREEMENT.—If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety (A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4), the domestic corporation may not again enter into an agreement pursuant to paragraph (1). If any such agreement is terminated with respect to any foreign subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

(6) DEPOSITS IN TRUST FUND.—For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—

(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or of the regulations issued under this subsection,

shall be considered wages subject to the taxes imposed by this chapter.

(7) OVERPAYMENTS AND UNDERPAYMENTS.—

(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be required by regulations prescribed by the Secretary or his delegate.

(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

(8) DEFINITION OF FOREIGN SUBSIDIARY.—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

(A) a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation; or

(B) a foreign corporation more than 50 percent of the voting stock of which is owned by the foreign corporation described in subparagraph (A).

(9) DOMESTIC CORPORATION AS SEPARATE ENTITY.—Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.

(10) REGULATIONS.—Regulations of the Secretary or his delegate to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers pursuant to this title with respect to the taxes imposed by this chapter.

SEC. 3122. FEDERAL SERVICE.

In the case of the taxes imposed by this chapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the determination whether an individual has performed service which constitutes employment as defined in section 3121 (b), the determination of the amount of remuneration for such service which constitutes wages as defined in section 3121 (a), and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to such service without regard to the **[**$3,600**]** *$4,200* limitation in section 3121 (a) (1), and he shall not be required to obtain a refund of the tax paid under section 3111 on that part of the remuneration not included in wages by reason of section 3121 (a) (1). The provisions of this section shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this section the Secretary of Defense shall be deemed to be the head of such instrumentality.

SEC. 3123. DEDUCTIONS AS CONSTRUCTIVE PAYMENTS.

Whenever under this chapter or any act of Congress, or under the law of any State, an employer is required or permitted to deduct any amount from the

remuneration of an employee and to pay the amount deducted to the United States, a State, or any political subdivision thereof, then for purposes of this chapter the amount so deducted shall be considered to have been paid to the employee at the time of such deduction.

SEC. 3124. ESTIMATE OF REVENUE REDUCTION.

The Secretary or his delegate at intervals of not longer than 3 years shall estimate the reduction in the amount of taxes collected under this chapter by reason of the operation of section 3121 (b) (10) and shall include such estimate in his annual report.

SEC. 3125. SHORT TITLE.

This chapter may be cited as the "Federal Insurance Contributions Act."

Subtitle F—Procedure and Administration

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CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

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Subchapter B—Rules of Special Application

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SEC. 6413. SPECIAL RULES APPLICABLE TO CERTAIN EMPLOYMENT TAXES.

(a) ADJUSTMENT OF TAX.—

(1) GENERAL RULE.—If more than the correct amount of tax imposed by section 3101, 3111, 3201, 3221, or 3402 is paid with respect to any payment of remuneration, proper adjustments, with respect to both the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as the Secretary or his delegate may by regulations prescribe.

(2) UNITED STATES AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall be deemed a separate employer.

(b) OVERPAYMENTS OF CERTAIN EMPLOYMENT TAXES.—If more than the correct amount of tax imposed by section 3101, 3111, 3201, 3221, or 3402 is paid or deducted with respect to any payment of remuneration and the overpayment cannot be adjusted under subsection (a) of this section, the amount of the overpayment shall be refunded in such manner and at such times (subject to the statute of limitations properly applicable thereto) as the Secretary or his delegate may by regulations prescribe.

(c) SPECIAL REFUNDS.—

(1) IN GENERAL.—[If by reason of an employee receiving wages from more than one employer during any calendar year, the wages received by him during such year exceed $3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received.] *If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $4,200, the employee*

shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received.

(2) APPLICABILITY IN CASE OF FEDERAL AND STATE EMPLOYEES *AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.*—

(A) FEDERAL EMPLOYEES.—In the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer; and the term "wages" includes, for purposes of this subsection, the amount, not to exceed $3,600 *for the calendar year 1951, 1952, 1953, or 1954, or $4,200 for any calendar year after 1954*, determined by each such head or agent as constituting wages paid to an employee.

(B) STATE EMPLOYEES.—For purposes of this subsection, in the case of remuneration received during any calendar year, the term "wages" includes such remuneration for services covered by an agreement made pursuant to section 218 of the Social Security Act as would be wages if such services constituted employment; the term "employer" includes a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing; the term "tax" or "tax imposed by section 3101" includes, in the case of services covered by an agreement made pursuant to section 218 of the Social Security Act, an amount equivalent to the tax which would be imposed by section 3101, if such services constituted employment as defined in section 3121; and the provisions of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of an agreement made pursuant to section 218 of the Social Security Act has been paid to the Secretary.

(C) Employees Of Certain Foreign Corporations.—For purposes of paragraph (1) of this subsection, the term "wages" includes such remuneration for services covered by an agreement made pursuant to section 3121 (l) as would be wages if such services constituted employment; the term "employer" includes any domestic corporation which has entered into an agreement pursuant to section 3121 (l); the term "tax" or "tax imposed by section 3101" includes, in the case of services covered by an agreement entered into pursuant to section 3121 (l), an amount equivalent to the tax which would be imposed by section 3101, if such services constituted employment as defined in section 3121; and the provisions of paragraph (1) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section 3121 (l) has been paid to the Secretary or his delegate.

(d) REFUND OR CREDIT OF FEDERAL UNEMPLOYMENT TAX.—Any credit allowable under section 3302, to the extent not previously allowed, shall be considered an overpayment, but no interest shall be allowed or paid with respect to such overpayment.

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INTERNAL REVENUE CODE OF 1939

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Subtitle—Miscellaneous Taxes

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CHAPTER 9—EMPLOYMENT TAXES

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Subchapter B—Employment by Others Than Carriers

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SEC. 1401. DEDUCTION OF TAX FROM WAGES.

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(d) SPECIAL REFUNDS.—

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(3) WAGES RECEIVED AFTER 1950.—If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1950, the wages received by him during such year exceed $3,600, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first $3,600 of such wages received. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the wages were received with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which such wages were received *or, in the case of any agreement (or modification thereof) pursuant to section 218 of the Social Security Act which is effective as of a date more than two years prior to the date such agreement (or modification) was agreed to, within two years after the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare.* No interest shall be allowed or paid with respect to any such refund.

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Calendar No. 2004

83D CONGRESS
2D SESSION

H. R. 9366

[Report No. 1987]

IN THE SENATE OF THE UNITED STATES

JUNE 2 (legislative day, MAY 13), 1954
Read twice and referred to the Committee on Finance

JULY 27 (legislative day, JULY 2), 1954
Reported by Mr. MILLIKIN, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1954".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

Extension of Coverage

Domestic service, service not in course of employer's business, and agricultural labor

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);".

(2) Section 209 (g) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer

and does not include service described in section 210 (f) (5);".

(3) Section 209 (h) of such Act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer in any calendar ~~year~~ *quarter* to an employee for agricultural labor, if the cash remuneration paid in such ~~year~~ *quarter* by the employer to the employee for such labor is less than ~~$200~~ *$50*;".

(4) Section 210 (a) (1) of such Act is amended to read as follows:

"*(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;*

"~~(1)~~" *(B)* Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".

(5) Section 210 (a) of such Act is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such Act,

as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(6) The second sentence of section 218 (c) (5) of such Act is amended by inserting before the period at the end thereof "and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h)".

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

~~CERTAIN FEDERAL EMPLOYEES~~

~~(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—~~

~~(A) by inserting "by an individual" after "Service performed", and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";~~

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii); and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

(3) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2)

the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

MINISTERS

(d) (1) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization

exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (l) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

(2) Section 211 (c) of such Act is amended by striking out paragraph (4).

(3) Nothing in subsection (a) of section 210 of the Social Security Act, as amended by this Act, or in subsections (b) and (l) of section 1426 of the Internal Revenue Code, as so amended, shall be construed to mean that any minister is an employee of an organization for any purpose other than the purposes of such sections.

MINISTERS

(c) (1) Paragraph (2) of subsection (c) of section 211 of the Social Security Act is amended by inserting "and other than service described in paragraph (4) of this subsection" after "eighteen".

(2) Such subsection is further amended by adding at the end thereof the following new sentence: "The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under section 1402 (e) of the Internal Revenue Code of 1954 is in effect."

FISHING AND RELATED SERVICE

~~(e)~~ *(d)* Section 210 (a) of the Social Security Act is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such Act, as paragraphs (14) and (15), respectively.

HOMEWORKERS

~~(f)~~ *(e)* Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

FARMERS AND PROFESSIONAL SELF-EMPLOYED

(g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such Act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose

of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".

(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".

(4) Section 211 (c) of such Act is amended by striking out paragraph (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

COAL ROYALTIES

(f) Paragraph (4) of section 211 (a) of the Social Security Act is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

~~(h)~~ *(g)* (1) *(A)* Section 218 (d) of such Act is amended by striking out "Exclusion ~~Of~~ *of*" in heading, by inserting "(1)" after "(d)", and by ~~striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of the enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A)).~~ *adding at the end thereof the following sentence:* ~~The~~ *"The* preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a

retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such ~~system".~~ *system.*"

(B) Such section 218 (d) is amended by striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A))".

(2) Such section 218 (d) is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such

retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

"(C) ~~Ninety~~ *Not less than ninety* days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; *and*

"(E) A majority of the eligible employees voted in

~~such referendum~~ *favor of including service in such positions under an agreement under this section*~~;~~ ~~and~~.

~~"(F) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.~~

An employee shall be deemed an 'eligible employee' for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an 'eligible employee' if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after ~~any prior~~

the last previous referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

"(B) all employees in positions which became covered by such system at any time after such date; and

"(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

"(B) At the request of the State, any class or classes of

positions covered by a retirement system which may be excluded from the agreement pursuant to pararaph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

"(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to ~~each political subdivision~~ *any one or more of the political subdivisions* concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State *or with respect to the State and any one or more of the political subdivisions concerned. If a retire-*

ment system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term 'institutions of higher learning' includes junior colleges and teachers' colleges."

(3) Paragraph (3) of section 218 (c) is amended to read as follows:

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following:

"(A) Any service of an emergency nature;

"(B) All services in any class or classes of (i) elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis;

"(C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services in such positions have not already been included under such agreement pursuant to subsection (d) (3)."

(4) Paragraph (4) of such section 218 (c) is amended by adding at the end thereof the following new sentence: "A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3)."

(5) Such section 218 (c) is further amended by adding at the end thereof the following new paragraph:

"(7) No agreement may be made applicable (either in the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement

is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State."

(6) Section 218 (f) of such Act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

(7) Section 218 (m) (1) of such Act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)".

(8) Section 218 of such Act is further amended by adding at the end thereof the following new subsection:

"Certain Positions No Longer Covered By Retirement Systems

"(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of this subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services."

(9) The amendments made by this subsection, *other than paragraph (1) (B)*, shall take effect January 1, 1955.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS *AND CERTAIN STATE INSPECTORS*

~~(i)~~ *(h)* (1) Effective as of January 1, 1951, paragraph (5) of section 218 (b) of the Social Security Act is amended by adding at the end thereof the following new

sentence: "Civilian employees of National Guard units of a State who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(2) Effective January 1, 1955, such paragraph is further amended by adding after the sentence added by paragraph (1) of this subsection the following new sentence: "For purposes of this section, individuals employed pursuant to an agreement, entered into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624) or section 14 of the Perishable Agricultural Commodities Act, 1930 (7 U. S. C. 499n), between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products may be deemed, at the option of the State, to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

~~(2)~~ *(3)* In the case of any coverage group to which the amendment made by paragraph (1) is applicable, any agreement or modification of an agreement agreed to prior to January 1, 1956, may, notwithstanding section 218 (f)

of the Social Security Act, be made effective with respect to services performed by employees as members of such coverage group after any effective date specified therein, but in no case may such effective date be earlier than December 31, 1950.

CERTAIN EMPLOYEES OF THE STATE OF UTAH

(i) Effective as of January 1, 1951, section 218 of the Social Security Act is amended by adding after subsection (n) (added by subsection (g) (8) of this section) the following new subsection:

"Certain Employees of the State of Utah

"(o) Notwithstanding the provisions of subsection (d), the agreement with the State of Utah entered into pursuant to this section may be modified pursuant to subsection (c) (4) so as to apply to services performed for any of the following, the employees performing services for each of which shall constitute a separate coverage group: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Training School, State Board of Education, and Utah School Employees Retirement Board. Any modification agreed to prior to January 1, 1955, may be made effective with respect to

services performed by employees as members of any of such coverage groups after an effective date specified therein, except that in no case may any such date be earlier than December 31, 1950."

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

(j) (1) In the case of any services performed prior to 1955 to which an agreement under section 218 of the Social Security Act was made applicable, deductions which—

(A) were not imposed under section 203 of such Act with respect to such services performed prior to the date the agreement was agreed to or, if the original agreement was not applicable to such services, performed prior to the date the modification making such agreement applicable to such services was agreed to, and

(B) would have been imposed under such section 203 had such agreement, or modification, as the case may be, been agreed to on the date it became effective, ~~shall be deemed to have been imposed, but only for purposes of determining whether, on the basis of an application filed after the month in which this Act is enacted and prior to January 1, 1956, any person is entitled to a recomputation, under section 215 (f) of the Social Security Act, of the primary insurance amount of the individual who~~

~~performed such services. For purposes of any such recomputation the individual who performed such services shall be deemed to have filed an application for recomputation in the month for which the last of the deductions is deemed to have been made under this paragraph, or in the first month thereafter (and prior to the month in which this Act is enacted) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under paragraph (1) or (2) of section 203 (b) of such Act, whichever results in a higher primary insurance amount for such individual. Any such recomputation shall be made as provided in the Social Security Act prior to the enactment of this Act, and shall be effective for and after the month in which the application referred to in the first sentence of this paragraph is filed. This paragraph shall not be applicable in the case of any such individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act prior to the month in which this Act is enacted.~~

shall be deemed to have been imposed, but only for purposes of section 215 (f) (2) (A) or section 215 (f) (4) (A) of such Act as in effect prior to the enactment of this Act. An individual with respect to whose services the preceding sentence is applicable, or in the case of his death, his survivors entitled to monthly benefits under section 202 of the

Social Security Act on the basis of his wages and self-employment income, shall be entitled to a recomputation of his primary insurance amount under such section 215 (f) (2) (A) or section 215 (f) (4) (A), as the case may be, if the conditions specified therein are met and if, with respect to a recomputation under such section 215 (f) (2) (A), such individual files the application referred to in such section after August 1954 and prior to January 1956 or, with respect to a recomputation under such section 215 (f) (4) (A), such individual died prior to January 1956 and any of such survivors entitled to monthly benefits files an application, in addition to the application filed for such monthly benefits, for a recomputation under such section 215 (f) (4) (A).

(2) For purposes of a recomputation made by reason of paragraph (1) of this subsection, the primary insurance amount of the individual who performed the services referred to in such paragraph shall be computed under subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act (but, for such purposes, without application of subsection (d) (4) of such section, as in effect prior to the enactment of this Act or as amended by this Act) and as though he became entitled to old-age insurance benefits in whichever of the following months yields the highest primary insurance amount:

(A) the month following the last month for which deductions are deemed, pursuant to paragraph (1) of this subsection, to have been made; or

(B) the first month after the month determined under subparagraph (A) (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under section 203 (b) of such Act; or

(C) the first month after the last month (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were subject to deductions under section 203 (b) of such Act; or

(D) the month in which such individual filed his application for recomputation referred to in paragraph (1) of this subsection or, if he died without filing such application and prior to January 1, 1956, the month in which he died, and in any such case (but, if the individual is deceased, only if death occurred after August 1954) the amendments made by subsections (b) (1), (e) (1) and (e) (3) (B) of section 102 of this Act shall be applicable.

Such recomputation shall be effective for and after the month in which the application required by paragraph (1) of this subsection is filed. The provisions of this subsection shall not be applicable in the case of any individual if his

primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act on the basis of an application filed prior to September 1954.

~~(2)~~ *(3)* If any recomputation under section 215 (f) of the Social Security Act is made by reason of deductions deemed pursuant to paragraph (1) of this subsection to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of the benefits based on such wages and self-employment income for months for which such deductions are so deemed to have been imposed shall be recovered by making, in addition to any other deductions under section 203 of such Act, deductions from any increase in benefits, based on such wages and self-employment income, resulting from such recomputation.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

(k) Clause (B) of so much of section 210 (a) of the Social Security Act as precedes paragraph (1) thereof is amended to read as follows: "(B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section ~~1426 (m)~~ *3121 (l)* of the Internal Revenue Code *of 1954*) of a domestic corporation (as determined in accordance with

section ~~3797 (a)~~ *7701* of the Internal Revenue Code *of 1954*) during any period for which there is in effect an agreement, entered into pursuant to section ~~1426 (m)~~ *3121 (l)* of the Internal Revenue Code *of 1954*, with respect to such subsidiary;".

EFFECTIVE DATES

(l) The amendment made by ~~paragraph (3) of~~ subsection ~~(g)~~ *(f)* shall be applicable only with respect to taxable years beginning after 1950. The amendments made by ~~paragraphs (1), (2), and (4) of such subsection and by paragraph (2) of~~ subsection ~~(d)~~ *(c)* shall, except for purposes of section 203 of the Social Security Act, be applicable only with respect to taxable years ending after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4), (5), and (6) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. ~~The amendment made by paragraph (3) of subsection (c) shall become effective January 1, 1955.~~ The other amendments made by this section (other than the amendments made by subsections *(g)*, (h), (i), and (k)) shall be applicable only with respect to services performed after 1954. For purposes of section 203 of the Social Secu-

rity Act, the amendments made by ~~paragraphs (1), (2), and (4) of subsection (g) and by paragraph (2) of subsection (d)~~ *subsection (c) of this section* shall be effective with respect to *net earnings from* self-employment ~~income~~ derived after 1954. The amount of *net earnings from* self-employment ~~income~~ derived during any taxable year ending in, and not with the close of, 1955 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, *net earnings from* self-employment ~~income~~ so credited to calendar quarters in 1955 shall be deemed to have been derived after 1954.

INCREASE IN BENEFIT AMOUNTS

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"Primary Insurance Amount

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after ~~the last day of the month following the month in which the Social Security Amendments of 1954 are enacted,~~ *August 1954*, or who dies after such ~~day~~ *month* and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are

quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraphs (1), (2), and (3) of subsection (b) of such section are amended to read as follows:

"(1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing

date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, except that when the number of such elapsed months thus computed *(including a computation after the application of paragraph (4))* is less than eighteen, it shall be increased to eighteen.

"(2) An individual's 'starting date' shall be—

"(A) December 31, 1950, or

"(B) if later, the last day of the year in which he attains the age of twenty-one,

whichever results in the higher ~~average monthly wage~~ *primary insurance amount.*

"(3) An individual's 'closing date' shall be whichever of the following results in the higher ~~average monthly wage~~ *primary insurance amount:*

"(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

"(B) the first day of the first year in which he both was fully insured and had attained retirement age;

except that if the Secretary determines, on the basis of the

evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher ~~average monthly wage~~ *primary insurance amount* for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A)."

~~(2) Subsection (b) of such section is further amended by striking out paragraph (4) and inserting in lieu thereof the following new paragraph:~~

(2) Paragraph (4) of such subsection (b) is amended to read as follows:

"(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after ~~the year in which occurs~~ his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average

monthly wage. The maximum number of calendar years determined under the first sentence of this paragraph shall be five instead of four in the case of any individual who ~~had~~ *has* not less than twenty quarters of coverage ~~in the period ending with the calendar quarter preceding his closing date.~~"

(c) Subsection (c) of such section is amended to read as follows:

"Determinations Made by Use of the Conversion Table

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I "If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d)) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and ~~(ii)~~ *(iii)* by further increasing such amount to the extent, if any, it is less than $5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954.

"(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this para-

graph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than $77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $5 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that

the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount For Purposes of Conversion Table".

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits".

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the

quarters elapsing after 1950 are quarters of coverage)" after "individual".

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this Act, the following new paragraph:

"(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and 106 of the Social Security Amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability) shall, to the extent provided by such sections, be applicable to such computation."

(e) (1) Section 215 (e) of such Act is amended by striking out "and" at the end of paragraph (1), by changing the period at the end of paragraph (2) to a semicolon, and by adding after such paragraph (2) the following new paragraph:

"(3) if an individual's closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes

entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) ~~(C).~~" *(C); and*".

(2) ~~(A)~~ Section 215 (f) (2) of such Act is amended to read as follows:

"(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—

"(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,

"(ii) he has wages and self-employment income of ~~not less than $1,000~~ *more than $1,200* in a calendar year which occurs after 1953 *(not taking into account any year prior to the calendar year in which the last previous recomputation, if any, of his primary insurance amount was effective)* and after the year in which he became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) *(B)* or 102 (f) (2) (B) of the Social Security Amendments of 1954, whichever of such events is the latest, and

"(iii) he filed such application no earlier than six

months after such calendar year referred to in clause (ii) in which he had such wages and self-employment income.

Such recomputation shall be effective for and after the twelfth month before the month in which he filed such application for recomputation but in no event earlier than the month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual's self-employment income shall be allocated to calendar quarters in accordance with section 212.

~~"(B) Except as provided in subparagraph (C) a recomputation pursuant to subparagraph (A) shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) of this section, taking into account only such wages and self-employment income which would be taken into account under subsection (b) if the month in which he filed the application under subparagraph (A) were deemed to be the month in which he became entitled to old-age insurance benefits, except that, of the provisions of paragraph (3) of such subsection, only the provisions of subparagraph (A) shall be applicable.~~

"(B) A recomputation pursuant to subparagraph (A) shall be made as provided in subsection (a) of this section and as though the individual first became entitled to old-age insurance benefits in the month in which he filed the applica-

tion for such recomputation, but only if the provisions of subsection (b) (4) were not applicable to the last previous computation of his primary insurance amount. If the provisions of subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable."

~~"(C) If such recomputation is the first recomputation under subparagraph (A), such recomputation shall be made as though the individual first became entitled to old-age insurance benefits on the day he filed application for such recomputation. For purposes of this subparagraph a recomputation under section 102 (c) (5) (B) or 102 (f) (2) (B) of the Social Security Amendments of 1954 shall be deemed to be a recomputation under subparagraph (A) of this paragraph."~~

(3) (A) Section 215 (f) (3) of such Act is amended to read as follows:

"(3) (A) Upon application by an individual—

"(i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after ~~the effective date~~ *August, 1954*, or

"(ii) whose primary insurance amount was recomputed under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, or

"(iii) whose primary insurance amount was recomputed ~~for the first time under~~ *as provided in the first sentence of* paragraph (2) *(B)* of this subsection on the basis of an application filed after ~~the effective date~~ *August 1954*,

the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made in the manner provided in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his appli-

cation for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed. ~~As used in this subparagraph and subparagraph (B), the term 'effective date' means the last day of the month following the month in which the Social Security Amendments of 1954 are enacted.~~

"(B) ~~Upon application by a person entitled to monthly benefits or a lump-sum death payment on the basis of the wages and self-employment income of an individual who died after the effective date and who, if he was entitled to an old-age insurance benefit before he died, would, upon the filing of an application in the month of his death, have been entitled to a recomputation of his primary insurance amount under subparagraph (A) of this paragraph, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that~~

~~his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he died or in which he filed his application for the last previous computation of his primary insurance amount under any provision of law referred to in clause (i), (ii), or (iii) of the first sentence of subparagraph (A), whichever first occurred.~~ *In the case of an individual who dies after August 1954—*

"(i) who, at the time of death, was not entitled to old-age insurance benefits under section 202 (a), or who became entitled to old-age insurance benefits under section 202 (a) after August 1954, or whose primary insurance amount was recomputed under paragraph (2) or (4) of this subsection, or section 102 (e) (5) or section 102 (f) (2) (B) of the Social Security Amendments of 1954, on the basis of an application filed after August 1954; and

"(ii) with respect to whom the last previous computation or recomputation of his primary insurance amount was based upon a closing date determined under subparagraph (A) or (B) of subsection (b) (3) of this section,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of

his wages and self-employment income. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the day following the year of death in case he died without becoming entitled to old-age insurance benefits, or, in case he was entitled to old-age insurance benefits, the day following the year in which was filed the application for the last previous computation of his primary insurance amount or in which the individual died, whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed."

(B) Such section 215 (f) (3) is further amended by adding after subparagraph (B) (added by subparagraph (A) of this paragraph) the following new subparagraph:

"(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, the Secretary shall re-

compute his primary insurance amount after the close of such taxable year, taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits."

(4) Section 215 (f) (4) of such Act is amended to read as follows:

"(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if—

"(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or

"(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2)

(A) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made."

(5) (A) In the case of any individual who, upon filing application therefor ~~on or~~ before ~~the effective date~~ *September 1954*, would (but for the provisions of section 215 (f) (6) of the Social Security Act) have been entitled to a recomputation under subparagraph (A) or (B) of section 215 (f) (2) of such Act as in effect prior to the enactment of this Act, the Secretary shall recompute such individual's primary insurance amount, but only if he files an application therefor or, in case he died before filing such application, an application for monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income is filed. Such recomputation shall be made only as

provided in subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act, through the use of a primary insurance amount determined under subsection (d) (6) of such section in the same manner as for an individual to whom subsection (a) (1) of such section, as in effect prior to the enactment of this Act, is applicable; and such recomputation shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) of the Social Security Act if the month in which the application for recomputation is filed, *or if the individual died without filing the application for recomputation, the month in which he died,* were deemed to be the month in which ~~the individual~~ *he* became entitled to old-age insurance benefits. ~~Such~~ *In the case of monthly benefits, such* recomputation shall be effective for and after the month in which such application for recomputation is filed *or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivor benefits becomes entitled to such benefits.*

(B) In the case of—

(i) any individual who is entitled to a recomputation under subparagraph (A) of section 215 (f) (2) of the Social Security Act as in effect prior to the enact-

ment of this Act on the basis of an application filed after ~~the effective date~~ *August 1954, or who died after such* ~~and with respect to whom either less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or the twelfth month referred to in such subparagraph (A) occurred after the effective date, and~~

~~(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act on the basis of an application filed after the effective date and with respect to whom less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or who did not attain the age of seventy-five prior to the date following the effective date~~

month leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or with respect to whom the twelfth month referred to in such subparagraph (A) occurred after such month, and

(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social

Security Act as in effect prior to the enactment of this Act on the basis of an application filed after August 1954, or who died after August 1954 leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or who did not attain the age of seventy-five prior to September 1954,

the recomputation of his primary insurance amount shall be made in the manner provided in section 215 of the Social Security Act, as amended by this Act, for computation of such amount, except that his closing date, for purposes of subsection (b) of such section 215, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation *or, if he has died, in the month in which he died.* ~~Such~~ *In the case of monthly benefits, such* recomputation shall be effective for and after the month in which such application for recomputation is filed *or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivors benefits becomes entitled to such benefits.* ~~As used in this subparagraph and the succeeding subsections of this section, the~~

~~"effective date" is the last day of the month following the month in which this Act is enacted.~~

(C) ~~No individual shall be entitled to a recomputation under section 215 (f) (2) of the Social Security Act as in effect prior to the date of the enactment of this Act unless~~ *An individual or, in case of his death, his survivors entitled to a lump-sum death payment or to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income shall be entitled to a recomputation of his primary insurance amount under section 215 (f) (2) or section 215 (f) (4) of the Social Security Act as in effect prior to the date of enactment of this Act only if* (i) he had not less than six quarters of coverage in the period after 1950 and prior to January 1, 1955, and (ii) either the twelfth month referred to in subparagraph (A) of such section 215 (f) (2) occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (iii) he meets the other conditions of entitlement to such a recomputation. No individual shall be entitled to a recomputation under subparagraph (A) or (B) of this paragraph if his primary insurance amount has previously been recomputed under either of such subparagraphs.

(6) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1956

and with respect to whom not less than six of the quarters elapsing after 1954 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his ~~closing date shall be July 1, 1956, instead of the day specified in section 215 (b) (3) of such Act~~ *primary insurance amount shall be computed under section 215 (a) (1) (A) of such Act, as amended by this Act, with a starting date of December 31, 1954, and a closing date of July 1, 1956,* but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such Act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1956, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1956, closing date, the total of his wages and self-employment income after December 31, 1955, shall, if it is in excess of $2,100, be reduced to such amount.

(7) Section 203 (a) of such Act is amended to read as follows:

"(a) Whenever the total of monthly benefits to which

individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(8) In the case of an individual who became (without

the application of section 202 (j) (1)) entitled to old-age insurance benefits or died prior to ~~the day following the effective date~~ *September 1954*, the provisions of section 215 (f) (3) as in effect prior to the enactment of this Act shall be applicable as though this Act had not been enacted.

(f) (1) The amendments made by the preceding subsections, other than subsection (b) and paragraphs (1), (2), (3), and (4) of subsection (e), shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after, ~~the effective date~~ *August 1954*.

(2) (A) The amendment made by subsection (b) (2) shall be applicable only in the case of monthly benefits *for months after August 1954*, and the lump-sum death payment *in the case of death after August 1954*, based on the wages and self-employment income of an individual (i) who does not become eligible for benefits under section 202 (a) of the Social Security Act until after ~~the effective date~~ *August 1954*, or (ii) who dies after ~~such effective date~~ *August 1954* and without becoming eligible for benefits under such section 202 (a), or (iii) who is or has been entitled to have his primary insurance amount recomputed under section 215 (f) (2) of

the Social Security Act, as amended by subsection (e) (2) of this section, or under subsection (e) (5) (B) of this section, or (iv) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such Act), or (v) who ~~files, after the effective date,~~ *files* an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act, or (vi) who dies after ~~the effective date~~ *August 1954* and whose survivors are (or would, but for the provisions of section 215 (f) ~~(7)~~ *(6)* of such Act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such Act, as amended by this Act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was, or would upon filing application therefor in such month have been, entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Security Act who was or, upon filing application therefor, would have been entitled to such benefits for ~~the month in which the effective date occurs~~ *August 1954*, to whom subparagraph (A) is inapplicable, and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, the Secretary of Health, Education,

and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application, after ~~the effective date~~ *August 1954*, by him or, if he dies without filing such an application, by any person entitled to monthly survivors benefits under section 202 of such Act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act for computation of such individual's primary insurance amount, except that the provisions of subsection (f) of such section (other than paragraph (3) (C) thereof) shall not be applicable for purposes of such computation, and except that his closing date, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective ~~for and after the month in which the application therefor was filed by such individual or~~ *(i) if the application is filed by such individual, for and after the twelfth month before the month in which the application therefor was filed by such individual but in no case before the first month of the quarter which is such individual's sixth quarter of coverage acquired after*

June 30, 1953, or (ii) if such application was filed by a person entitled to monthly survivors benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivors benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(3) The amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits under section 202 (a) of the Social Security Act until after ~~the effective date~~ *August 1954*, or who dies after ~~the effective date~~ *August 1954* without becoming entitled to such benefits, or who files an application after ~~the effective date~~ *August 1954* and is entitled to a recomputation under paragraph (2) or (4) of section 215 (f) of the Social Security Act, as amended by this Act, or who is entitled to a recomputation under paragraph (2) (B) of this subsection, or who is entitled to a recomputation under paragraph (5) of subsection (e).

(4) The amendments made by subsection (e) (2) shall be applicable only in the case of applications for recomputation filed after 1954. The amendment made by subsection (e) (4) shall be applicable only in the case of deaths after 1954.

(5) The amendments made by subparagraph (A) of subsection (e) (3) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after ~~the effective date~~ *August 1954.*

(6) No increase in any benefit by reason of the amendments made by this section (other than subsection ~~(i)~~ *(e)*) or by reason of subparagraph (B) of paragraph (2) *of this subsection* shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(g) Effective ~~with the beginning of the second month following the month in which this Act is enacted~~ *September 1, 1954*, section 2 (c) (2) (B) of the Social Security Act Amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after ~~the month following the month in which the Social Security Amendments of 1954 are enacted~~ *August 1954.*"

(h) (1) Where—

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such Act for ~~the month in which the effective date occurs~~ *August 1954*;

(B) one or more other persons were entitled (without the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this Act,

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this Act; or

(E) the amount determined pursuant to such sec-

tion, as in effect prior to the enactment of this Act, for ~~the month in which the effective date occurs~~ *August 1954* plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act Amendments of 1952 for ~~the month in which the effective date occurs~~ *August 1954* plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month.

(2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such Act for ~~the month in which the effective date occurs~~ *August 1954* on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such

persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of the first sentence of section 203 (a) of the Social Security Act, as amended by this Act,

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall, for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such Act, as amended by this Act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this Act, plus $7.

(i) ~~(1)~~ Section 202 of such Act is amended by inserting after subsection (l) the following new subsection:

"Minimum Survivor's or Dependent's Benefit

"(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k) (3), less than $30 and no other individual is (without the application of section 202 (j) (1)) entitled to a benefit under this section for such month on the basis of the same wages and

self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to $30."

~~(2) The first sentence of subsection (i) of such section 202 is amended by inserting ", or an amount equal to $255, whichever is the smaller" after "primary insurance amount".~~

AMENDMENTS RELATING TO DEDUCTIONS FROM BENEFITS

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of ~~seventy-five~~ *seventy-two* and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of ~~seventy-five~~ *seventy-two* and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or".

(b) (1) Section 203 (c) of such Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of ~~seventy-five~~ *seventy-two* and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of ~~seventy-five~~ *seventy-two* and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such Act is amended to read as follows: "The charging of earnings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such Act is amended to read "Months to Which Earnings Are Charged".

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year of twelve months are not more than ~~$1,000~~ *$1,200*, no month in such year shall be charged with any earnings.

If an individual's earnings for a taxable year of less than twelve months are not more than the product of ~~one-twelfth of $1,000~~ *$100* times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of twelve months are in excess of ~~$1,000~~ *$1,200*, the amount of his earnings in excess of ~~$1,000~~ *$1,200* shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of ~~one-twelfth of $1,000~~ *$100* times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sen-

tence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection ~~(b), or in subsection (m),~~ *(b)* occurred, (C) in which such individual was age ~~seventy-five~~ *seventy-two* or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regula-

tions prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's ~~net earnings from self-employment and his~~ net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section ~~211, other than paragraphs (1) and (4) of subsection (c),~~ *211* shall be applicable; and any ~~excess of income over deductions resulting from such a computation shall be his net earnings from self-employ-~~

~~ment and any~~ excess of deductions over income ~~so~~ resulting *from such a computation* shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in ~~subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment~~ *section 209 (a)*.

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satis-

faction of the Secretary that his taxable year is not a calendar year."

(e) Section 203 (f) of such Act is amended to read as follows:

"Penalty for Failure To Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection ~~(b), (c), or (m)~~ *(b) or (c)* (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection ~~(b), (c), or (m),~~ *(b) or (c)*, except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month."

(f) (1) The heading of section 203 (g) of such Act is amended to read "Report of Earnings to Secretary".

(2) The first sentence of paragraph (1) of section 203 (g) of such Act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings

or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of ~~one-twelfth of $1,000~~ *$100* times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

(3) The third sentence of paragraph (1) of such section 203 (g) is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two".

~~(3)~~ *(4)* Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his

benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or a subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

~~(4)~~ *(5)* Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)"; by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by

striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

(6) The heading of section 203 (j) of such Act is amended by striking out "Seventy-five" and inserting in lieu thereof "Seventy-two" and such section is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two".

(g) Section 203 of such Act is amended by adding at the end thereof the following new subsection:

"Noncovered Remunerative Activity Outside the United States

"(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an em-

ployee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term 'trade or business' shall have the same meaning as when used in section ~~23~~ *162* of the Internal Revenue Code *of 1954*."

(h) Section 203 of such Act is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

"Good Cause for Failure To Make Reports Required

"(l) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time.

The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

~~(i) (1) Section 203 of such Act is further amended by adding after subsection (l) (added by subsection (h) of this section) the following new subsection:~~

~~"Deductions From Benefits of Dependents' and Survivors' Residing Abroad~~

~~"(m) (1) Deductions shall be made from any benefits to which a dependent or survivor is entitled under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the wages and self-employment income of an insured individual until the total of such deductions equals such dependent's or survivor's benefit or benefits under such subsection for any month during no part of which he is a resident of the United States unless—~~

~~"(A) such dependent or survivor resided in the United States for three years during the five years immediately preceding the first month for which he was eligible for such benefits or any other monthly benefits under such section 202 based on the wages and self-employment income of such insured individual; or~~

~~"(B) such insured individual would be a currently insured individual at the time he became eligible for or entitled to old-age insurance benefits or primary~~

insurance benefits or, if he died without becoming so eligible or entitled, at the time of his death, even if no wages were counted for such purpose except his wages (if any) for service referred to in clause (B) of so much of section 210 (a) as precedes paragraph (1) and his wages (if any) deemed paid pursuant to subsection (a) or (c) of section 217; or

"(C) in the case of a child entitled to child's insurance benefits, such child first became eligible for such benefits (on the basis of the wages and self-employment income of such insured individual) prior to the month in which he attained the age of three and such child was born in the United States.

"(2) For purposes of paragraph (1)—

"(A) an individual shall be deemed eligible for benefits under any subsection of section 202 for any month if he was, or would have been upon filing application therefor in such month, entitled to such benefits for such month;

"(B) a dependent is a wife, husband, or child of an individual entitled to old-age insurance benefits; and

"(C) a survivor is a widow, widower, child, former wife divorced, or parent (of a deceased individual) entitled to monthly benefits under subsection (d), (e), (f), (g), or (h) of section 202."

(2) The first sentence of section 203 (d) of such Act is amended by striking out "(b) and (c)" and inserting in lieu thereof "(b), (c), and (m)".

(3) Section 214 (b) of such Act is amended by striking out "or" before clause (3) and by inserting immediately before the period at the end thereof: ", or (4) for purposes of section 203 (m) only, the first quarter in which he was, or would have been upon filing application therefor in such quarter, entitled to old-age insurance benefits or primary insurance benefits".

(4) Subsections (a) (1) and (c) (1) of section 217 of such Act are each amended by adding at the end thereof the following new sentence: "The provisions of clause (B) shall also not apply for purposes of section 203 (m) (1) (B)."

(5) The amendments made by this subsection shall be applicable in the case of any individual who (A) is entitled to benefits under any subsection of section 202 of the Social Security Act (other than subsection (a) thereof), on the basis of the wages and self-employment income of an insured individual, after the month in which this Act is enacted, and (B) was not, and would not have been upon filing application therefor in such month, entitled (without the application of subsection (j) (1) of such section 202) to benefits under the same or any other subsection of such

~~section 202 on the basis of such insured individual's wages and self-employment income for the month in which this Act is enacted or any prior month.~~

~~(j)~~ *(i)* (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsections (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h) ~~and (i)~~) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits

of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

(2) No deduction shall be imposed on or after the date of the enactment of this Act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such date); and no such deduction imposed prior to such date shall be collected after such date. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this Act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

(3) Subsections (b) (1), (b) (2), (c), (e), and (j) of section 203 of the Social Security Act as in effect prior to the enactment of this Act, to the extent they are in effect with respect to months after 1954, are each amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two", but only with respect to such months after 1954.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;".

(b) Paragraph (1) of subsection (b) of section 211 of such Act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after

1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such Act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;".

(d) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before

1955, and the excess over $4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); ~~and~~".

RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth".

(b) The amendment made by subsection (a) shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after ~~the month following the month in which this Act is enacted~~ *August 1954*; except that no individual shall, by reason of such amendment, be entitled to any benefit for any month prior to ~~the fifth month before the month in which this Act is enacted~~ *February 1954*.

PRESERVATION OF INSURANCE RIGHTS OF INDIVIDUALS WITH EXTENDED TOTAL DISABILITY

SEC. 106. (a) (1) Section 213 (a) (2) (A) of the Social Security Act is amended to read as follows:

"(A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages, except

that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a period of disability, other than the initial quarter of such period."

(2) Section 213 (a) (2) (B) (i) of such Act is amended to read as follows:

"(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;".

(b) (1) Section 214 (a) (2) of the Social Security Act is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) forty quarters of coverage,

not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage."

(2) Section 214 (b) of such Act is amended by striking out the period and inserting in lieu thereof: ", not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage."

(c) (1) Section 215 (b) (1) of the Social Security Act (as amended by section 102 (b) (1) of this Act) is amended by inserting after "~~quarter~~ *quarters* of coverage" the following: "and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage".

(2) Section 215 (d) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall

be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted."

(3) Section 215 (e) of such Act (as amended by section 102 (e) (1) of this Act) is amended by adding after paragraph (3) the following new paragraph:

"(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability."

(d) Section 216 of the Social Security Act is amended by adding after subsection (h) the following new subsection:

"Disability; Period of Disability

"(i) (1) The term 'disability' means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term 'blindness' means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of

this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

"(2) The term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains retirement age. Except as provided in paragraph (4), a period of disability shall begin—

"(A) if the individual satisfies the requirements of paragraph (3) on such day,

"(i) on the day the disability began, or

"(ii) on the first day of the one-year period

which ends with the day before the day on which the individual files such application,

whichever occurs later;

"(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the first month in which either the disability ceases or the individual attains retirement age. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted.

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

"(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

"(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"(4) If an individual files an application for a disability determination after December 1954, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability, if such individual does not die prior to July 1, 1955, shall be—

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

"(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements."

(e) (1) The first sentence of section 217 (a) (1) of the Social Security Act is amended by inserting "and for purposes of section 216 (i) (3)," after "World War II veteran,".

(2) The first sentence of section 217 (e) (1) of such Act is amended by inserting "and for purposes of section 216 (i) (3)," after "veteran (as defined in paragraph (4)),".

(3) Such section 217 (a) (1) and such section 217 (e) (1) of such Act are each amended by ~~inserting ", or for purposes of section 216 (i) (3)" immediately before the period at the end of the last sentence thereof (added by section 103 (i) (4) of this Act).~~ *adding at the end thereof the following new sentence: "The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3)."*

(f) Section 5 (k) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "and for the purposes of section 203 of that Act" and inserting in lieu thereof "and for the purposes of sections 203 and 216 (i) (3) of that Act".

(g) Title II of the Social Security Act is amended by adding after section 219 the following new sections:

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

"DISABILITY DETERMINATIONS

"SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

"(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in the State as may be designated in the agreement at the State's request.

"(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, may determine

that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

"(d) Any individual dissatisfied with any determination under subsection (a), (c), or (g) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205 (g).

"(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust

Fund at the time or times fixed by the Secretary, in accordance with such certification.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Fund.

"(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

"REFERRAL FOR REHABILITATION SERVICES

"SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity."

(h) Notwithstanding the provisions of section 215 (f)

(1) of the Social Security Act, the amendments made by subsections (a), (b), (c), (d), (e), and (f) of this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after June 1955, and with respect to lump-sum death payments under such title in the case of deaths occurring after June 1955; but no recomputation of benefits by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

~~DELETION OF EARNINGS DURING UNLAWFUL RESIDENCE IN THE UNITED STATES~~

~~SEC. 107. (a) Section 205 of the Social Security Act is amended by redesignating subsection (n) as subsection (m) and inserting after such subsection the following new subsection:~~

~~"Earnings During Unlawful Residence Deleted From Record~~

~~"(n) (1) Notwithstanding the provisions of subsection (c), wages for service performed by an individual during any period that he is unlawfully in the United States, and self-employment income derived by him during such period, shall be deleted from the Secretary's records for such individual and shall not be counted for purposes of determining entitlement to or the amount of any benefits or lump-sum death payments under section 202.~~

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual was unlawfully in the United States during any period of time. If the Attorney General has made or makes a determination that there was such a period, he shall notify the Secretary thereof, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable on the basis of such individual's wages and self-employment income, as may be required by paragraph (1). Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual prior to receipt of such notice shall not be deemed by reason of this subsection to be an erroneous payment."

(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.

TERMINATION OF BENEFITS UPON DEPORTATION

SEC. 108. (a) Section 202 of the Social Security Act is

amended by adding at the end thereof the following new subsection:

"Termination of Benefits Upon Deportation of Primary Beneficiary

"(m) (1) Notwithstanding any other provision of this title, no monthly benefits under this section shall be paid on the basis of the wages and self-employment income of any individual for any month after such individual has been deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, and no lump-sum death payment shall be made on the basis of such wages and self-employment income in case of death in or after such month.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual, the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual has been deported under one of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) of this subsection. If such individual has been or is deported under any such paragraph, the Attorney General shall so notify the Secretary, and the Secretary shall certify no further benefits for payment on the basis of such individual's

~~wages and self-employment income. Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual, prior to receipt of such notice, shall not be deemed by reason of this subsection to be an erroneous payment."~~

~~(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.~~

INSURED STATUS

SEC. ~~109~~ *107*. ~~(a)~~ Section 214 (a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, *but only if there are not fewer than six of such quarters so elapsing.*"

~~(b) Subparagraph (B) of section 213 (a) (2) of such~~

Act is amended by inserting "(except wages for agricultural labor)" after "$50 or more in wages" in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following:

"(iv) if an individual is paid wages for agricultural labor in a calendar year, then, subject to clause (i), (a) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages are less than $300; (b) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (c) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

"(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained retirement age or died and who has been paid wages for agricultural labor in a calendar year, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quar-

~~ters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters."~~

BENEFITS IN CERTAIN CASES OF DEATHS BEFORE SEPTEMBER 1950

SEC. ~~110~~ *108*. (a) In the case of any individual—

(1) who died prior to September 1, 1950, and was not a fully insured individual (under title II of the Social Security Act), when he died, and

(2) who had not less than six quarters of coverage (as defined in such title),

such individual shall, except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of the Social Security Act, be deemed to have died a fully insured individual. Such individual's primary insurance amount shall be computed under subsection (a) (2) of section 215 of such ~~Act, except that, for~~ *Act. For* the purpose of such computation, the provisions of ~~paragraph (4) of subsection (d) of such section (in lieu of the provisions of paragraph (3) of such subsection)~~ *section 215 (d) (3) of such Act shall apply if such individual died a currently insured*

individual (under title II of such Act) and any other person was entitled on the basis of his wages to monthly benefits or a lump-sum death payment under section 202 of such Act; in all other cases the provisions of section 215 (d) (4) shall be applicable, ~~and~~ except that ~~his~~ *such individual's* closing date shall be the first day of the quarter in which he died. In the case of any such individual, the requirement in subsection (h) of section 202 of such Act that proof of support be filed within two years of the date of his death shall not apply if such proof is filed ~~within two years after the first month following the month in which this Act is enacted~~ *before September 1956.*

(b) The provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the Social Security Act for months after ~~the first month following the month in which this Act is enacted~~ *August 1954,* on the basis of applications filed after such month ~~in which this Act is enacted~~.

ELIMINATION OF REQUIREMENT OF FILING APPLICATION IN CERTAIN CASES

SEC. ~~111~~ *109.* (a) Section 202 (e) (1) (C) of the Social Security Act is amended to read as follows:

"(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such indi-

vidual, for the month preceding the month in which he died, or

"(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age,".

(b) Section 202 (g) (1) (D) of such Act is amended to read as follows:

"(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,".

(c) The third sentence of section 202 (i) of such Act is amended by inserting immediately before the period at the end thereof the following: ", or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died".

TECHNICAL AMENDMENTS

SEC. ~~112~~ *110*. (a) The second sentence of section 204 (a) of the Social Security Act is amended by inserting "and self-employment income" after "wages".

(b) Section 208 of the Social Security Act is amended

by inserting ", or as to the amount of net earnings from self-employment derived or the period during which ~~derived,~~ *derived*" after "as to the amount of any wages paid or received or the period during which earned or paid".

REPEAL OF REQUIREMENT OF CERTAIN DEDUCTIONS

SEC. ~~113~~ *111.* (a) No deductions shall be made pursuant to subsection (i) of section 203 of the Social Security Act from any benefits for any month after ~~the month in which this Act is enacted~~ *August 1954*; and, effective ~~with the beginning of the month following the month in which this Act is enacted~~ *September 1, 1954*, such subsection is repealed.

(b) No deductions shall be made pursuant to section 907 of the Social Security Act Amendments of 1939 (53 Stat. 1360, 1402), with respect to wages for services performed in 1939, from any benefits for any month after ~~the month in which this Act is enacted~~ *August 1954;* and, effective ~~with the beginning of the month following the month in which this Act is enacted~~ *September 1, 1954*, such section is amended by striking out "1 per centum of any wages paid him for services performed in 1939, and subsequent to his attaining age sixty-five, and".

PROOF OF SUPPORT BY HUSBAND OR WIDOWER IN CERTAIN CASES

SEC. ~~114~~ *112.* (a) For the purpose of determining the entitlement of any individual to husband's insurance benefits under subsection (c) of section 202 of the Social Security Act on the basis of his wife's wages and self-employment income, the requirements of paragraph (1) (D) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950.

(b) For the purpose of determining the entitlement of

any individual to widower's insurance benefits under subsection (f) of section 202 of the Social Security Act on the basis of his deceased wife's wages and self-employment income, the requirements of paragraph (1) (E) (ii) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife, and she was a currently insured individual, on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950.

(c) For purposes of subsection (b) (1) of this ~~Act~~ *section*, and for purposes of section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of this section is applicable, the wife of an individual shall be deemed a

currently insured individual if she had not less than six quarters of coverage (as determined under section 213 of the Social Security Act) during the thirteen-quarter period ending with the calendar quarter in which occurs the first month (1) for which such wife was entitled to a monthly benefit under section 202 (a) of such Act, and (2) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act *(as in effect before or after the enactment of this Act)* did not occur.

(d) This section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such Act, for months after ~~the first month following the month in which this Act is enacted~~ *August 1954*, and only with respect to benefits based on applications filed after such ~~first~~ month.

DEFINITION

SEC. ~~115~~ *113*. As used in the provisions of the Social Security Act amended by this title, the term "Secretary" means the Secretary of Health, Education, and Welfare.

COVERED EMPLOYMENT NOT COUNTED UNDER OTHER FEDERAL RETIREMENT SYSTEMS

SEC. 114. Notwithstanding any other provision of law, in determining eligibility for or the amount of any benefit (other than a benefit under title II of the Social Security Act

or the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof, there shall not be taken into account any service which constitutes employment (as defined in section 210 (a) of the Social Security Act) and is performed after 1954 by individuals as officers or employees of the United States or any instrumentality thereof.

TITLE II—AMENDMENTS TO INTERNAL REVENUE ~~CODE~~ *CODES OF 1939 AND 1954*

Amendments to Definitions of Self-Employment Income and Related Definitions

SEC. 201. (a) ~~(1) Paragraph (1) of section 481 (a) of the Internal Revenue Code is amended to read as follows:~~

~~"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".~~

~~(2) Subsection (a) of section 481 of the Internal Revenue Code is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such code, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the~~

following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

~~(b)~~ ~~(1)~~ Paragraph (1) of section ~~481~~ *1402* (b) of the Internal Revenue Code *of 1954* is amended to read as follows:

"(1) ~~That~~ *that* part of the net earnings from self-employment which is in excess of—

"(A) ~~For~~ *for* any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) ~~For~~ *for* any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

~~(2)~~ *(b)* Section ~~481~~ *1402* (b) of the Internal Revenue Code *of 1954* is amended by inserting after "employees)" the following: ", or under an agreement entered into pursuant to the provisions of section ~~1426~~ ~~(m)~~ *3121 (l)* (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations),".

~~(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraphs (4) and (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:~~

~~"(4) The performance of service by an individual~~

~~in the exercise of his profession as a physician, or the performance of such service by a partnership.~~"

(c) (1) Section 1402 (c) (2) of the Internal Revenue Code of 1954 is amended by inserting after "18" the following: "and other than service described in paragraph (4) of this subsection".

(2) Section 1402 (c) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect."

(3) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(e) MINISTERS AND MEMBERS OF RELIGIOUS ORDERS.—

"(1) WAIVER CERTIFICATE.—Any individual who is a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has

taken a vow of poverty as a member of such order) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service, described in subsection (c) (4), performed by him.

"(2) TIME FOR FILING CERTIFICATE.—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to paragraph (4) of subsection (c)) of $400 or more, any part of which was derived from his performance of service described in such paragraph (4).

"(3) EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable."

(d) The amendments made by subsections (a), (b),

and (c) of this section shall be applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) (1) The first sentence of section ~~1401 (d) (3)~~ *6413 (c) (1)* of the Internal Revenue Code *of 1954* is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled *(subject to the provisions of section 31 (b))* to a *credit or* refund of any amount of tax, with respect to such wages, imposed by section 1400 *of the Internal Revenue Code of 1939* and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $4,200, the employee shall be entitled *(subject to the provisions of section 31 (b))* to a *credit or* refund of any amount of tax, with respect to such wages, imposed by section ~~1400~~ *3101* and deducted from the employee's wages (whether or not paid to the Secretary

or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received."

(2) Section 1401 (d) (3) of the Internal Revenue Code *of 1939* is amended by striking out the period at the end of the second sentence and inserting in lieu thereof "or, in the case of any agreement (or modification *thereof*) pursuant to section 218 of the Social Security Act which is effective as of a date more than two years prior to the date such agreement (or modification) was agreed to, within ~~a period of~~ two years after ~~the end of~~ the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare."

(b) (1) The heading of section ~~1401 (d) (4)~~ *6413 (c) (2)* of the Internal Revenue Code *of 1954* is amended to read as follows: "~~SPECIAL RULES IN THE~~ *APPLICABILITY IN* CASE OF FEDERAL AND STATE EMPLOYEES AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.—"

(2) Section ~~1401 (d) (4) (A)~~ *6413 (c) (2) (A)* of the Internal Revenue Code *of 1954* is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $4,200 for any calendar year after 1954,".

(3) Section ~~1401 (d) (4)~~ *6413 (c) (2)* of the Internal Revenue Code *of 1954* is amended by adding at the end thereof the following new subparagraph:

"(C) Employees Of Certain Foreign Corporations.—For ~~the~~ purposes of paragraph ~~(3)~~ *(1)* of this subsection, ~~in the case of remuneration received during any calendar year after the calendar year 1954,~~ the term 'wages' includes such remuneration for services covered by an agreement made pursuant to section ~~1426 (m) of this subchapter~~ *3121 (l)* as would be wages if such services constituted employment; the term 'employer' includes any domestic corporation which has entered into an agreement pursuant to section ~~1426 (m)~~ *3121 (l)*; the term 'tax' or 'tax imposed by section ~~1400~~ *3101*' includes, in the case of services covered by an agreement entered into pursuant to section ~~1426 (m)~~ *3121 (l)*, an amount equivalent to the tax which would be imposed by section ~~1400~~ *3101*, if such services constituted employment as defined in section ~~1426~~ *3121*; and the provisions of paragraph ~~(3)~~ *(1)* of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section ~~1426 (m)~~ *3121 (l)* has been paid to the Secretary or his delegate."

(c) The second sentence of section ~~1420 (c)~~ *3122* of the Internal Revenue Code *of 1954* is amended by ~~inserting~~

~~"in the case of the calendar year 1951, 1952, 1953, or 1954, or the $4,200 limitation in such section in the case of any calendar year after 1954" after "the $3600 limitation in section 1426 (a) (1)"~~ *striking out "$3,600" and inserting in lieu thereof "$4,200".*

(d) The amendments made by subsections (a) (1), (b) ~~(2)~~, and (c) shall be applicable only with respect to remuneration paid after 1954. *The amendment made by subsection (a) (2) shall be effective as if it had been enacted as a part of section 203 (c) of the Social Security Act Amendments of 1950 which added section 1401 (d) (3) to the Internal Revenue Code of 1939.*

~~COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES~~

~~SEC. 203. (a) Section 1420 (c) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the~~

~~Secretary shall be deemed to be the head of such instrumentality."~~

~~(b) The amendment made by subsection (a) shall become effective January 1, 1955.~~

AMENDMENTS TO DEFINITION OF WAGES

SEC. ~~204~~ *203*. (a) Paragraph (1) of section ~~1426~~ *3121* (a) of the Internal Revenue Code *of 1954* is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$4,200".

(b) (1) Subparagraph (B) of section ~~1426~~ *3121* (a) (7) of the Internal Revenue Code *of 1954* is amended to read as follows:

"(B) ~~Cash~~ *cash* remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection ~~(h)~~ *(g)* (5);".

(2) Section ~~1426~~ *3121* (a) (7) of the Internal Revenue Code *of 1954* is amended by adding at the end thereof the following new subparagraph:

"(C) ~~Cash~~ *cash* remuneration paid by an employer

in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this ~~subparagraph~~ *subparagraph*, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection ~~(h)~~ *(g)* (5);".

(3) Section ~~1426~~ *3121* (a) (8) of the Internal Revenue Code *of 1954* is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

"(B) ~~Cash~~ *cash* remuneration paid by an employer in any calendar ~~year~~ *quarter* to an employee for agricultural labor, if the cash remuneration paid in such ~~year~~ *quarter* by the employer to the employee for such labor is less than ~~$200~~ *$50*;".

(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. ~~205~~ *204*. (a) Section ~~1426~~ *3121* (b) (1) of the Internal Revenue Code *of 1954* is amended to read as follows:

~~"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".~~

"(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

"(B) service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468);".

(b) Section ~~1426~~ *3121* (b) of the Internal Revenue Code *of 1954* is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such code, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section ~~1426~~ *3121* (b) of the Internal Revenue Code *of 1954* herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in

connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

~~(d) (1) Subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended—~~

~~(A) by inserting "by an individual" after "Service performed," and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";~~

~~(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii); and~~

~~(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:~~

~~"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".~~

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

(c) The paragraph of section 1426 (b) of the Internal

Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order,

~~other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".~~

~~(f)~~ *(d)* Section ~~1426~~ *3121* (b) of the Internal Revenue Code *of 1954* is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such code, as paragraphs (14) and (15), respectively.

~~(g)~~ *(e)* The amendments made by subsections ~~(c), (d), (e), and (f)~~ *(c) and (d)* shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

Amendment Relating to Collection of Employee Tax

Sec. 205. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "An employer who in any calen-

dar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C), (8) (B), or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50."

AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 206. (a) Subparagraph (C) of section ~~1426~~ *3121* (d) (3) of the Internal Revenue Code *of 1954* is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

~~WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY~~

~~SEC. 207. (a) Paragraph (1) of section 1426 (l) of the Internal Revenue Code is amended by inserting "(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order)" after "service" in the first sentence, by striking out "two-thirds of its employees" and inserting~~

in lieu thereof "two-thirds of its employees performing service to which this paragraph is applicable" in such sentence, and by deleting so much of such paragraph as follows the first sentence.

(b) Such section 1426 (l) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively, and by adding after paragraph (1) the following new paragraphs:

"(2) WAIVER OF EXEMPTION IN THE CASE OF MINISTERS.—An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders (other than a member of a religious order who has taken a vow of poverty as a member of such order) and perform such service in the exercise of duties required by such order or orders, and that at least two-thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding

sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate pursuant to paragraph (1) with respect to such employees.

"(3) LIST TO ACCOMPANY CERTIFICATE.—A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"(4) EFFECTIVE PERIOD OF WAIVER.—A certificate filed pursuant to paragraph (1) or paragraph (2) shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate; (i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect (as determined under subparagraph (A) or (B), whichever is applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8)

and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"(5) TERMINATION OF WAIVER PERIOD BY ORGANIZATION.—The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a certificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof

shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter."

(c) The paragraph of such section 1426 (l) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: "If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organization pursuant to paragraph (2) shall also be terminated at the same time."

(d) The paragraph of such section 1426 (l) herein redesignated as paragraph (7) is amended to read as follows:

"(7) NO RENEWAL OF WAIVER.—In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph."

(e) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed prior to January 1, 1955, under section 1426 (l) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (l) (2) of

~~the Internal Revenue Code is in effect for any calendar quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which consitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed.~~

CHANGES IN TAX SCHEDULES

SEC. ~~208~~ *207*. (a) Section ~~480~~ *1401* of the Internal Revenue Code *of 1954* is amended by striking out paragraph ~~(5)~~ *(4)* and inserting in lieu thereof the following:

"~~(5) In~~ *(4) in* the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to $5\frac{1}{4}$ ~~per centum~~ *percent* of the amount of the self-employment income for such taxable ~~year.~~ *year;*

"~~(6) In~~ *(5) in* the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6 ~~per centum~~ *percent* of the amount of the self-employment income for such taxable year."

(b) Section ~~1400~~ *3101* of the Internal Revenue Code *of 1954* is amended by striking out paragraph ~~(6)~~ *(4)* and inserting in lieu thereof the following:

"~~(6) With~~ *(4) with* respect to wages received dur-

ing the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ ~~per centum.~~ *percent;*

"~~(7) With~~ *(5) with* respect to wages received after December 31, 1974, the rate shall be 4 ~~per centum~~ *percent.*"

(c) Section ~~1410~~ *3111* of the Internal Revenue Code *of 1954* is amended by striking out paragraph ~~(6)~~ *(4)* and inserting in lieu thereof the following:

"~~(6) With~~ *(4) with* respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ ~~per centum.~~ *percent;*

~~"(7) With~~ *(5) with* respect to wages paid after December 31, 1974, the rate shall be 4 ~~per centum~~ *percent.*"

FOREIGN SUBSIDIARIES OF ~~AMERICAN EMPLOYER~~ *DOMESTIC CORPORATION*

SEC. ~~209~~ *208*. Section ~~1426~~ *3121* of the Internal Revenue Code *of 1954* is amended by adding at the end thereof the following new subsection:

"~~(m)~~ *(l)* AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.—

"(1) AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.—The Secretary or his delegate shall, at the request of any domestic cor-

poration, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph ~~(7)~~ *(8)*) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the ~~terms~~ *term* 'employment' or 'wages', ~~respectively,~~ as defined in this section, had the service been performed in the ~~employ of the domestic corporation~~ *United States*. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, ~~in the case of~~ *with respect to* any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, *on or* after the effective date of the agreement, ~~become~~ *are* employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

"(A) ~~That~~ *that* the domestic corporation shall

pay to the Secretary or his delegate, at such time or times as the Secretary *or his delegate* may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections ~~1400 and 1410, including interest and penalties, if the services of employees covered by the agreement had constituted employment as defined in section 1426~~ *3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section*; and

"(B) ~~That~~ *that* the domestic corporation will comply with such regulations relating to payments and reports as the Secretary *or his delegate* may prescribe to carry out the purposes of this ~~subsection."~~ *subsection.*

"(2) EFFECTIVE PERIOD OF AGREEMENT.—An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case

prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

"(3) TERMINATION OF PERIOD BY A DOMESTIC CORPORATION.—The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective

with respect to any foreign ~~subsidiary~~ *corporation* shall terminate at the end of any calendar quarter in which the ~~domestic~~ *foreign* corporation, at any time in such quarter, ~~owns 50 per centum or less of the voting stock of such subsidiary~~ *ceases to be a foreign subsidiary as defined in paragraph (8)*.

"(4) TERMINATION OF PERIOD BY SECRETARY.—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

"(5) NO RENEWAL OF AGREEMENT.—If any agreement entered into pursuant to paragraph (1) of

this subsection is terminated in its entirety *(A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4)*, the domestic corporation may not again enter into an agreement pursuant to ~~such paragraph~~ *paragraph (1)*. If any such agreement is terminated with respect to any *foreign* subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

"(6) DEPOSITS IN TRUST FUND.—~~All amounts received by the Secretary pursuant to an agreement entered into under paragraph (1) of this subsection shall be regarded for purposes of section 201 of the Social Security Act as taxes collected pursuant to this subchapter.~~ *For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—*

"(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

"(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or

of the regulations issued under this subsection, shall be considered wages subject to the taxes imposed by this chapter.

"(7) OVERPAYMENTS AND UNDERPAYMENTS.—

"(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be required by regulations prescribed by the Secretary *or his delegate.*

"(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

"(8) DEFINITION OF FOREIGN SUBSIDIARY.—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

"(A) ~~A~~ *a* foreign corporation more than 50

~~per centum~~ *percent* of the voting stock of which is owned by such domestic corporation; or

"(B) ~~A~~ *a* foreign corporation more than 50 ~~per centum~~ *percent* of the voting stock of which is owned by the foreign corporation described in subparagraph ~~(A).~~" *(A)*.

"*(9) DOMESTIC CORPORATION AS SEPARATE ENTITY.—Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.*

"~~(9)~~ *(10)* REGULATIONS.—Regulations of the Secretary *or his delegate* to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers ~~pursuant to subchapter A or E of chapter 9 of this title~~ *pursuant to this title with respect to the taxes imposed by this chapter.*"

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

~~SEC. 210. Section 23 of the Internal Revenue Code (relating to deductions from gross income) is amended by inserting at the end thereof the following new subsection:~~

~~"(gg) PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS. In the case of a domestic corporation, amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 1426 (m) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction for income tax purposes under this subsection shall be included in gross income for the taxable year in which received."~~

SEC. 209. (a) The Internal Revenue Code of 1954 is amended by inserting after section 175 thereof the following new section:

"SEC. 176. PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.

"In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered

into under section 3121 (l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received."

(b) The table of sections to part VI of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Sec. 176. Payments with respect to employees of certain foreign corporations."

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

Temporary Extension of 1952 Matching Formula

Sec. 301. Section 8 (e) of the Social Security Act Amendments of 1952 (Public Law 590, Eighty-second Congress) is amended by striking out "September 30, 1954" and inserting in lieu thereof "September 30, ~~1955~~ *1956*".

Temporary Extension of Special Provision Relating to State Plans for Aid to the Blind

Sec. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, Eighty-first Congress) is amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1957".

Technical Amendments

Sec. 303. (a) Sections 3 (b) (1), 403 (b) (1), and 1003 (b) (1) of the Social Security Act are each amended

by striking out "one-half" and inserting in lieu thereof "the State's proportionate share".

(b) Section 3 (b) of such Act is amended (1) by striking out "clause (1) of subsection (a)" wherever it appears and inserting in lieu thereof "subsection (a)", ~~and (2)~~ *(2) by striking out "such clause" in paragraph (1) and inserting "such subsection" in lieu thereof, and (3)* by striking out "increased by five per centum" immediately before the period at the end of paragraph (3).

TITLE IV—MISCELLANEOUS PROVISIONS

Amendments Preserving Relationship Between Railroad Retirement and Old-Age and Survivors Insurance

Sec. 401. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954".

(b) Section 2 (c) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "six" and inserting in lieu thereof "twelve"; and subsection (5) (j) of such Act, as amended, is amended by striking out "sixth" and inserting in lieu thereof "twelfth". The amendments made by this subsection shall be applicable only in the case of applications for annuities under the Railroad Retirement

Act filed after ~~the month following the month in which this Act is enacted~~ *August 1954*; except that no individual shall, by reason of such amendment, be entitled to any annuity for any month prior to ~~the fifth month before the month in which this Act is enacted~~ *February 1954*.

(c) Section 5 (l) (9) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "$3,600" the second time it appears and inserting in lieu thereof "$4,200".

(d) Section 5 (i) (1) (ii) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(ii) will have been under the age of ~~seventy-five~~ *seventy-two* and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on seven or more different calendar days in noncovered remunerative activity outside the United States (as defined in section 203 (k) of the Social Security Act); and for purposes of this subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this sub-

division applies were entitled to benefits under section 202 of such Act;".

CROSS REFERENCES TO REDESIGNATED PROVISIONS

SEC. 402. References in the Internal Revenue Code *of 1939, the Internal Revenue Code of 1954,* the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this ~~Act, and references in the Social Security Act, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Internal Revenue Code redesignated by this Act,~~ *Act* shall be deemed to refer to such section or subdivision of a section as so redesignated.

Passed the House of Representatives June 1, 1954.

Attest: LYLE O. SNADER,

Clerk.

Calendar No. 2004

83D CONGRESS
2D SESSION

H. R. 9366

[Report No. 1987]

AN ACT

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

JUNE 2 (legislative day, MAY 13), 1954
Read twice and referred to the Committee on Finance

JULY 27 (legislative day, JULY 2), 1954
Reported with amendments

Discussed and placed at the head of the calendar, upon the objection of Sen. Morse, H. R. 2225, to authorize the Santa Maria project, Calif. (pp. 13597-9).

17. REPORTS. Passed with amendments H. R. 6290, to discontinue certain requirements for reports to Congress, etc. (p. 13619).

18. CORN; ASC COMMITTEES. Sen. Humphrey spoke in favor of the "desirability of carrying over of excesses or reserves of corn," and allowing farmers to elect fellow farmers of their own choice to county committees administering the farm program (p. 13596).

19. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 5718, to limit to 6 years the period for collection by the Government of compensation received by officers and employees in violation of the dual compensation laws (S. Rept. 2478); and H. R. 7785, to make permanent the increases in regular annuities under the Civil Service Retirement Act which were granted by Public Law 555, 82nd Cong., and extend such increases to additional annuities purchased by voluntary contributions (S. Rept. 2479) (p. 13532).

20. WATER FACILITIES; FARM LOANS. Sen. Aiken inserted R. B. McLeaish's letter commending the Senate Agriculture Committee for their efforts in extending and enlarging water facilities and conservation loans and amending the Bankhead-Jones Farm Tenant Act (p. 13532).

21. SOCIAL SECURITY. H. R. 9366, the social security bill, was made the unfinished business (p. 13587).

22. FOREIGN AFFAIRS. Discussed and upon objection by Sen. Smathers, passed over S. 3067, to require the State Department to transmit to the Senate within 30 days the text of any executive agreement or other international agreement to which this country is a party (pp. 13614-6).

23. STATEHOOD. Sen. Malone inserted Judge Stainback's letters recommending denial of statehood for Hawaii and proposing a bill providing for commonwealth status for this territory (pp. 13623-6).

24. FORESTRY. Passed as reported S. 3601, to authorize the Secretary of Agriculture to extend until not later than Oct. 18, 1962, certain timber rights and necessary ingress and egress (pp. 13609-10).

BILLS INTRODUCED

25. LANDS. S. 3862, by Sen. Mundt, to authorize the Sec. of Agriculture to exchange certain lands in Pennington County, S. Dak.; to Agriculture and Forestry Committee (p. 13532).

ITEMS IN APPENDIX

26. FORESTRY. Extension of remarks of Rep. Saylor criticizing the Senate's adoption of the forest-grazing amendment to the farm program bill and inserting a telegram from Mrs. Cornelia Bryce Pinchot, (Chairman, Forest Conservation Society of America) expressing "distress" concerning this provision (p. A6020).

Extension of remarks of Rep. Metcalf and insertion of a Denver Post editorial, "A Slick Scheme," criticizing adoption of the forest-grazing amendment to the farm-program bill (p. A6022).

Extension of remarks of Rep. Young commending adoption of the forest-grazing amendment (pp. A6023-4).

27. FARM PROGRAM. Extension of remarks of Rep. Harden commending the Eisenhower administration for its accomplishments, including farm program legislation, and inserting the results of his questionnaire concerning flexible price supports and extension of social security to farmers (pp. A5987-8).

Extension of remarks of Rep. Crumpacker, Jr., commending the achievements of the 83rd Congress, including enactment of farm program legislation (p. A5997).

Extension of remarks of Rep. Zablocki reporting to his constituents on legislation considered by the 83rd Congress and inserting his voting record on major issues, including farm program legislation (pp. A6013-5).

28. FOREIGN TRADE; STOCKPILING. Extension of remarks of Rep. Martin, Ia., criticizing activities of the former International Materials Conference and establishment of a new international trade stabilization commission, and inserting former President Hoover's 1925 address, "Foreign Combinations Now Fixing Prices of Raw Materials Imported into the United States," (pp. A5992-4).

29. FOREIGN AID; TRANSPORTATION. Extension of remarks of Rep. Allen, Jr., defending the shipment of at least 50 percent of our foreign-aid cargoes in American-flag ships and inserting tables showing the cost of such shipments, etc. (pp. A5994-7.)

30. VETERANS' BENEFITS. Extension of remarks of Rep. King stating that legislation enacted during the last 10 years in behalf of veterans "has proven to be one of our Nation's greatest assets" (pp. A6000-1).

31. POULTRY. Extension of remarks of Rep. Price calling attention to his resolution H. Res. 647, to provide for a congressional investigation of the commercial slaughtering and processing of poultry, and inserting an Amalgamated Meat Cutters and Butcher Workmen of North America article, "Congress Should Probe Sick and Disease Poultry" (pp. A6002-3).

32. GOVERNMENT COMPETITION. Rep. Bender inserted a Cleveland News editorial urging elimination of Government competition with private with private business (pp. A6020-1).

33. EXPENDITURES. Sen. Douglas inserted his recent radio speech discussing the importance of eliminating "wasteful Government expenditures" (pp. A6021-2).

34. RECLAMATION. Extension of remarks of Rep. Saylor opposing H. R. 4449, the upper Colorado River storage project bill (p. A6023).

35. FAMILY-SIZE FARMS. Rep. Berry inserted a constituent's letter discussing some of the problems of the farmers, stating that "... in operation no consideration is given to the small family farmer..." and objecting to reductions in wheat acreage allotments (pp. A5997-8).

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COMMITTEE HEARING ANNOUNCEMENT FOR AUG. 13: Farm program bill, conferees (exec).

becca, Raymundo, and Marciano, and Mrs. Brigida de Gutierrez; and

H. R. 8915. An act to amend the act entitled "An act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'The Municipal Court of Appeals for the District of Columbia,' and for other purposes."

The message further announced that the House had passed a bill (H. R. 9866) to prescribe certain limitations with respect to outpatient dental care for veterans, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendment of the Senate to the concurrent resolution (H. Con. Res. 267) authorizing the printing of additional copies of the hearings held by the Joint Committee on Atomic Energy relative to the contribution of atomic energy to medicine.

HOUSE BILL REFERRED

The bill (H. R. 9866) to prescribe certain limitations with respect to outpatient dental care for veterans was read twice by its title, and referred to the Committee on Labor and Public Welfare.

SOCIAL SECURITY AMENDMENTS OF 1954

Mr. KNOWLAND. Mr. President, merely in order to make the social-security bill the unfinished business, I now move that the Senate proceed to the consideration of Calendar No. 2004, House bill 9366, amending the Social Security Act and the Internal Revenue Code, and for other purposes. Notice has previously been given of the proposed consideration of the bill, and I have consulted about it with the minority leader. We shall not ask to have the Senate proceed further with the bill today, after it has been made the unfinished business.

The PRESIDING OFFICER. The bill will be read by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

ORDER FOR CALL OF THE CALENDAR, FOR CONSIDERATION OF BILLS PLACED AT FOOT OF THE CALENDAR

Mr. FERGUSON obtained the floor.

Mr. KNOWLAND. Mr. President, before the Senator from Michigan proceeds with his remarks, will he yield to me, to permit me to make a brief announcement?

Mr. FERGUSON. Yes, Mr. President; provided I may obtain unanimous consent to do so without losing the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, let me state that, following the completion of the remarks of the Senator from Michigan, it is my plan to ask unanimous consent that the Senate proceed to the consideration of measures which, during the call of the calendar yesterday, were ordered placed at the foot of the calendar.

I wish all Senators to be advised of the proposed procedure. Therefore, I desire to say that I shall ask unanimous consent to have the Senate proceed to consider those measures as soon as the Senator from Michigan completes his remarks and as soon as I can obtain recognition.

Mr. HENDRICKSON. Mr. President, will the Senator from Michigan yield to me, to permit me to make a unanimous-consent request?

Mr. FERGUSON. I yield, provided I may obtain unanimous consent to do so without losing the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HENDRICKSON. Mr. President, in a few minutes we shall proceed to consider the bills and other measures which, during the call of the calendar on yesterday, were ordered placed at the foot of the calendar. If we were to call those measures in the usual way, they would be called more or less at random. I have discussed, earlier today, with the able Parliamentarian of the Senate and the able and hard-working clerks, the problem which arises in that connection. They state that if the bills and other measures ordered to the foot of the calendar are call seriatim, instead of having to go from page to page of the calendar, back and forth, it will be much more convenient for both them and for the Senate itself. I know it will be much more convenient for Senators who follow the calendar.

I have discussed this matter with the minority calendar committee, and they feel as does the Parliamentarian.

Therefore, Mr. President, I ask unanimous consent that when, a little later today, the bills which, on yesterday, were ordered placed at the foot of the calendar, are called, they be called seriatim.

The PRESIDING OFFICER. Is there objection?

Mr. KNOWLAND. In other words, Mr. President, as I understand the request, no measures will be added to those already placed at the foot of the calendar; but the measures which previously have been ordered to the foot of the calendar will be called up in their calendar order, seriatim, on the basis of the regular procedure during the ordinary call of the calendar.

Mr. HENDRICKSON. That is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Jersey?

Mr. SMATHERS. Mr. President, I apologize for not having heard the request of the Senator from New Jersey. Will he please repeat it briefly?

Mr. HENDRICKSON. I stated that I had discussed with the clerks at the desk and the Parliamentarian the question of calling up in numerical order, seriatim, the bills which, on yesterday, were ordered placed at the foot of the calendar. I said I had talked with the Senator from Florida, as a member of the minority calendar committee, about that matter, and that he had agreed that it would be more convenient, both for him and for the entire Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Jersey? Without objection, it is so ordered.

ISSUANCE OF CONSOLIDATED DEBENTURES BY CENTRAL BANK FOR COOPERATIVES AND REGIONAL BANKS FOR COOPERATIVES

Mr. AIKEN. Mr. President, will the Senator from Michigan yield to me at this time?

Mr. FERGUSON. Yes, Mr. President; provided I may obtain unanimous consent to do so without losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AIKEN. Mr. President, there is at the desk a message from the House regarding amendments of the House of Representatives to Senate bill 3487. I ask to have those amendments laid before the Senate at this time. They have been discussed with both the majority leader and the minority leader.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3487) to authorize the Central Bank for Cooperatives and the regional banks for cooperatives to issue consolidated debentures, and for other purposes, which were on page 3, line 9, strike out "central" and insert "Central"; and on page 4, strike out lines 5 through 15, inclusive.

Mr. AIKEN. Mr. President, this bill authorizes the 12 regional banks for cooperatives and the Central Bank for Cooperatives to issue joint debentures. The bill as it was passed unanimously by the Senate contained a provision prohibiting the making of loans which could be used to expand the poultry industry. The House has adopted amendments striking out that provision.

I move that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

RECLASSIFICATION OF DICTAPHONES IN TARIFF ACT OF 1930—REQUEST TO HAVE BILL RETURNED BY THE HOUSE OF REPRESENTATIVES

Mr. HUMPHREY. Mr. President, will the Senator from Michigan yield to me at this time?

Mr. FERGUSON. I yield, Mr. President, provided I may do so without losing the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, on yesterday, I was temporarily absent from the floor at the time when House bill 8932, Calendar 2001, was passed by the Senate.

The PRESIDING OFFICER. The Chair is advised that the bill has already gone to the House of Representatives.

Mr. HUMPHREY. Mr. President, I desire to submit a motion for reconsideration.

The PRESIDING OFFICER. The Chair is informed that the regular order would be to request that the House return the bill to the Senate.

Mr. HUMPHREY. Mr. President, I now move that the House of Representatives be requested to return the bill to the Senate.

Mr. President, let me state, by way of explanation, that the Representative from the Sixth Congressional District of the State of Minnesota had previously asked me to object to the bill when it was reached during the call of the calendar. However, I was unable to be present when that bill was considered.

I have discussed this matter with the majority leader. I think we may be able to work out the difficulties without delay.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota that the House be requested to return to the Senate, House bill 8932, to reclassify dictaphones in the Tariff Act of 1930, as passed on yesterday by the Senate.

The motion was agreed to.

The PRESIDING OFFICER. The Senator from Michigan has the floor.

Mr. FERGUSON. I yield, without losing the floor, to the Senator from Ohio.

LABELING OF PACKAGES CONTAINING FOREIGN-PRODUCED TROUT

Mr. BRICKER. Mr. President, there are on the desk amendments of the House to Senate bill 2033. I ask that the amendments be laid before the Senate.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2033) relating to the labeling of packages containing foreign-produced trout sold in the United States, and requiring certain information to appear on the menus of public eating places serving such trout, which were, on page 1, line 6, strike out "'(n)" and insert "'(o)"; on page 1, lines 8 and 9, strike out "of this title"; on page 2, lines 10 and 11, after "(2)" strike out "each part of the contents of the package is contained in a wrapper" and insert "if the package is broken while held for sale, each unit for sale (consisting of one or more trout) is in a package; and"; on page 2, strike out line 17 over to and including line 2, page 3, and insert:

"(b) No person shall possess in a form ready for serving or shall serve at a public eating place trout produced outside the United States, its Territories, or possessions, unless a notice is displayed prominently and conspicuously in such eating place stating that '———— trout is served in this restaurant', the blank space to be filled with the name of the country in which such trout was produced."

On page 3, after line 13, insert:

SEC. 4. This act shall take effect 6 months after the date of its enactment.

And to amend the title so as to read: "An act relating to the labeling of packages containing foreign-produced trout sold in the United States, and requiring certain information to appear in public eating places serving such trout."

Mr. BRICKER. I move that the Senate concur in the House amendments.

Mr. JOHNSON of Texas. I am not familiar with this matter, Mr. President. I wonder if the Senator will give me an opportunity to confer with Members on this side.

Mr. BRICKER. The principal amendment of the House requires that when foreign-produced trout is served in a restaurant, a notice must be posted, not merely that notice be stated on the menu.

Mr. JOHNSON of Texas. If the Senator will give me a chance to clear this with the appropriate Members on this side, I shall do so.

Mr. BRICKER. I cleared it with the author of the bill, and he is satisfied with the bill as amended.

Mr. JOHNSON of Texas. Who is the author of the bill?

Mr. BRICKER. The Senator from Idaho [Mr. DWORSHAK].

The PRESIDING OFFICER. Does the Senator withdraw his request?

Mr. JOHNSON of Texas. I wish to protect myself, and there are members of the committee with whom I have not had a chance to confer.

Mr. BRICKER. That is satisfactory to the committee. The Senate passed the bill with the requirement that there be notice on the menu that foreign-produced trout was served. The House amendment includes the requirement that the notice be posted in the restaurant. That is all there is to it.

Mr. JOHNSON of Texas. Will the Senator withhold it?

Mr. BRICKER. I shall be happy to.

The PRESIDING OFFICER. Does the Chair understand the Senator withdraws his request?

Mr. BRICKER. I withdraw the request, and I shall take it up at a later time.

Mr. JOHNSON of Texas. We shall clear it as quickly as possible.

TENTH ANNIVERSARY OF THE GI BILL OF RIGHTS

Mr. FERGUSON. I ask unanimous consent that the Senator from Illinois [Mr. DOUGLAS] may be permitted to make an insertion in the RECORD, without the Senator from Michigan losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed in the RECORD an address concerning the 10th anniversary of the GI bill of rights, delivered by Mr. Edgar C. Corry, Jr., of Chicago, Ill., on August 2 over the Columbia Broadcasting System.

Mr. Corry is well-fitted to assess the results of the GI bill of rights, for as a veterans' leader and a successful businessman, he has carefully observed the workings of this legislation. He is past national commander of AMVETS—American Veterans of World War II and Korea—the president of the AMVETS National Service Foundation and vice president of the Mathers Stock Car Co.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

TEXT OF REMARKS BY EDGAR C. CORRY, JR., PAST NATIONAL COMMANDER OF AMVETS, AND PRESIDENT OF THE AMVETS NATIONAL SERVICE FOUNDATION, ON THE 10TH ANNIVERSARY OF THE GI BILL, DELIVERED OVER CBS, CHICAGO, AUGUST 2, 1954

Ten years ago—while the guns of World War II were still firing in Europe and Asia, in the Atlantic and the Pacific, and the outcome of that global struggle was in doubt, the United States Congress drafted a bill unparalleled in history. In the course of one decade, it affected the lives of more than 10 million men and women, and stimulated the economic welfare of America.

On June 22, 1944, President Roosevelt signed into law the GI bill of rights (more formally known as Public Law 346). At that time he said, "This law gives emphatic notice to the men and women of our Armed Forces that the American people do not intend to let them down."

A new concept was thus introduced into American thinking—help the veteran help himself. For as far as possible, the cost of war and of victory was to be shared by all Americans—not just those who served or died in uniform. It substituted the "helping hand" for the "handout."

It is appropriate now—10 years later—to measure the results and the cost of the GI bill of rights.

Under the GI bill, the door of opportunity was reopened to millions in whose faces it had banged shut with frightening decisiveness after Pearl Harbor. During the troublesome years since 1944, millions of veterans have passed through this door; some to acquire new homes or farms, or to enter new businesses made possible by the guaranteed loan provisions; some to receive educational and on-the-job-training benefits; and some merely to receive readjustment allowances while seeking a job.

It was very hard for most veterans to readjust themselves to the challenging circumstances confronting them when they returned from the war. But thanks to the GI bill, the transition period was measurably shortened, the absorption of 18 million additional civilians into a peacetime society was accomplished with a minimum of difficulty, and a threatened depression turned into prosperity.

How different from the aftermath of former wars. If you came back then in one piece you were on your own—go pick up the shreds of life by yourself—if you had a family to support in the meantime, well, it was just your tough luck. If you hadn't been able to learn a peacetime trade, or hadn't finished your schooling, or had little actual job experience, well—you were a tough-luck Charlie. Vast numbers of odd-job drifters and unemployed were taken for granted as a necessary price of war.

This time America faced facts. Almost a whole generation of our youth had been put into uniform. You can't turn loose 18 million young men from whom you have taken the 4 most crucial years of their life—you can't just turn them loose without wrecking a large percentage of them, and thereby inviting national economic disaster.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 16, 1954
For actions of August 13 & 14, 1954
83rd-2nd, No. 157 & 158

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HIGHLIGHTS./ AUG. 13: Senate rejected conference report on atomic energy bill. Senate passed public debt increase bill. Senate passed bill expanding social security program. Senate made foreign-aid appropriation bill its unfinished business.

AUG. 14: Senate passed foreign-aid appropriation bill. Sen. Gillette urged House action on bill to place coffee trading under CEA. Sen. Symington spoke in favor of including additional county in Mo. area designated for emergency drought aid.

SENATE, AUG. 13

1. ATOMIC ENERGY. Rejected, 48 to 41, and sent back to conference H. R. 9757, the atomic energy bill. Senate conferees were appointed. (pp. 13638-64.) For provisions of the conference report see Digest 153.

2. PUBLIC DEBT. Passed as reported H. R. 6672, to increase temporarily until June 30, 1955, the public debt limit by $6 billion (pp. 13674-80). The bill as passed by the House provided for an increase in the debt limit from $275 billion to $290 billion without a time limitation.

   Sen. Morse spoke in favor of this bill as passed by the Senate (p. 13741).

3. CCC BORROWING POWER. Sen. Holland submitted an amendment intended to be proposed by him to H. R. 9756, to increase the borrowing power of CCC from $8.5 billion to $10 billion (p. 13744).

4. FOREIGN-AID APPROPRIATION BILL, 1955. This bill, H. R. 10051, was made the unfinished business (p. 13739).

5. SOCIAL SECURITY; FARM LABOR. Passed with amendments H. R. 9366, the social security bill, which includes a provision extending social security retirement coverage to approximately 2.6 million additional farm workers who are paid at least $50 in cash wages by one employer in a calendar quarter (pp. 13664, 13680-7, 13689-739). Agreed to the committee amendments en bloc (pp. 13683-4). Agreed to a Sen. Smathers' (for himself and Sen. Holland) amendment which eliminates coverage of workers from Jamaica, Bahamas, and the British West Indies who are brought into Fla. yearly on a temporary basis to perform agricultural labor (pp. 13685-6). Rejected Sen. Stennis amendments which would have restored the present law with respect to coverage of farm workers (pp. 13726-8). Senate conferees were appointed (p. 13739). House conferees have not be appointed.

ITEMS IN APPENDIX

6. FARM PROGRAM. Sen. Thye inserted a Mankato (Minn.) Free Press article opposing any reduction in price supports "... until other essential adjustments of the Nation's economy have been achieved" (p. A6026).

7. PERSONNEL. Extension of remarks of Rep. Martin, Ia., endorsing the President's loyalty program and inserting portions of Philip Young's, CSC, testimony before the Senate Civil Service Committee in which he outlined the employee security program (p. A6025).

8. TVA. Sen. Kefauver inserted Geo. Dempster's, pres., Citizens for TVA, Inc., statement outlining the development of TVA programs and the benefits derived from these programs including agricultural efforts and forestry program (pp. A6033-4).

BILLS INTRODUCED - AUG. 13

9. ATOMIC ENERGY. S. J. Res. 184, by Sen. Knowland, to amend the Atomic Energy Act of 1946, as amended; to Joint Committee on Atomic Energy (p. 13631).

10. PERSONNEL. S. 3868, by Sen. Knowland, authorizing the payment of salary to any individual given a recess appointment as Comptroller General of the U. S. before the beginning of the 84th Congress, ordered to lie on the table (p. 13744).

BILLS APPROVED BY THE PRESIDENT

11. CREDIT UNIONS. S. 3683, to amend the D. C. Credit Unions Act. Approved August 10, 1954 (Public Law 576, 83rd Cong.).

12. WATER COMPACTS. S. 3699, granting Federal approval to the interstate compact on the Sabine River. Approved August 10, 1954 (Public Law 578, 83rd Cong.).

SENATE, AUG. 14

13. FOREIGN-AID APPROPRIATION BILL, 1955. Passed with amendments this bill, H. R. 10051 (pp. 13775-814). Agreed to the committee amendments en bloc (pp. 13776-7). Agreed to a Sen. McCarran amendment to provide that the surplus commodities to be made available to Spain (in the amount of $55 million in unobligated balances) shall be made available under section 402 of the Mutual

to act on Monday on the joint resolution. Then both the atomic energy bill and the joint resolution would go to the President. He would sign the atomic energy bill first. Immediately thereafter he would sign the joint resolution, and the words objected to by the distinguished Senator from Nevada would be out of the law.

Mr. GEORGE. Madam President, will the Senator yield?

Mr. KNOWLAND. I have only about a minute, but I yield to the distinguished Senator from Georgia.

Mr. GEORGE. If the Senator can rely on the House in this way, why could he not rely upon the committee of conferees, who know most about this subject, to take the bill back and make the necessary adjustments in a short time?

Mr. KNOWLAND. I will say to the distinguished Senator from Georgia that two basic problems confronted us. One dealt with the power preference, and the words "insofar as practicable," which some Senators felt modified the preference.

Mr. GEORGE. I have listened to every word of the debate today.

Mr. KNOWLAND. The other problem dealt with the patent feature.

Having served on the conference committee, it is my personal opinion that should the bill go back to conference with several items in disagreement, we might find that the bill would be killed this year, or there might be a prolonged delay in the adjournment of the two Houses of Congress. That is a personal opinion. The Senator from Georgia has been a Senator longer than I have, and his judgment may be better than mine.

Mr. GEORGE. I do not wish to encroach upon the time of the Senator from California, but there is no way to change a conference report by a concurrent resolution. It cannot be done. A point of order could be raised in either House. A joint resolution is a legislative step, which must be taken in the same manner as in the case of any other legislation. In my judgment, if the bill should become law, there would be too many powerful vested interests in the way of changing the law by a joint resolution.

Mr. KNOWLAND. I respectfully disagree with the distinguished Senator from Georgia. I think by unanimous consent the concurrent resolution method could be used. From time to time both the Senate and the House have handled legislation in that way.

The PRESIDING OFFICER (Mr. PURTELL in the chair). The Chair must advise the Senator that his time has expired.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. How much time remains on each side?

The PRESIDING OFFICER. The Senator from Iowa has 2 minutes remaining, and the Senator from Texas has 5 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, I yield myself 3 minutes.

The proposal as announced by the distinguished chairman of the Committee on Foreign Relations, to the effect that we should abandon the conferees and start legislating on the conference report was one of the most shocking announcements I have ever heard made in the Senate. Mr. President, the situation is ridiculous. The action proposed would make a laughing stock out of the United States Senate.

There are two principal issues at stake today. One is the phrase "insofar as practicable." The distinguished majority leader assures the Senate, within 4 minutes of the time we are called upon to vote on the conference report, that he and his leadership, and some leaders in the House, whoever they may be, are willing to strike out that offensive language.

The Senator does not say a word about the anti-monopoly section—the patents section. The distinguished Senator from Oklahoma [Mr. KERR] told the Senate a few moments ago that he was willing to accept the patents section, reported and supported by every member of the Joint Committee on Atomic Energy but one.

It seems to me that we should follow orderly procedure. We should send this bill back to conference. If we vote "no" on the adoption of the conference report, the minority leader proposes to ask immediately for a conference with the House, to insist on the Senate amendments, and appoint conferees.

The House of Representatives is going to be unavailable this week. The House will be in session next week. No one thinks Congress will be through by Saturday night. Why should we brand our conferees as men in whom we have no trust and no confidence, and say they know nothing about the bill? Why come in here with a mimeographed amendment 4 minutes before the conference report is to be voted on?

I appreciate the concessions which have been made. I think the very fact that the Senator from Wisconsin [Mr. WILEY] made his suggestion indicates that our worthy opponents recognize the mistakes they have made. I do not wish to dwell on their mistakes, because I could not do it in 4 minutes.

Mr. President, I think the orderly procedure is for every Member of the Senate, when the roll is called on the adoption of the conference report, to vote "No"; and if the conference report is not adopted, we will immediately make a motion to send this bill back to conference, insist on the Senate amendments, and appoint conferees. That is the orderly procedure, and I believe the Senate will follow it.

The PRESIDING OFFICER. The Senator's 3 minutes have expired. There are 2 minutes remaining for the Senator from Iowa [Mr. HICKENLOOPER] and 2 minutes remaining for the Senator from Texas [Mr. JOHNSON].

Mr. HICKENLOOPER. I yield 1 minute to the Senator from Nevada [Mr. MALONE].

The PRESIDING OFFICER. The Senator from Nevada.

Mr. MALONE. Would there be any objection to a joint agreement to strike out these words? I ask that question of the distinguished majority leader.

Mr. KNOWLAND. I would have no objection. I have said I would offer a resolution, but it would require unanimous consent to adopt a concurrent resolution. I could move to take up the joint resolution.

Mr. MALONE. The junior Senator from Nevada has no objection to this bill, except as to the words included in the two parts of the bill he outlined this morning, and will vote for the conference report if it excludes those words.

The procedure for excluding those words must be definite, of course, so it might be well to find out if there is an objection.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. HICKENLOOPER. Mr. President, I yield myself 1 minute.

It is not possible under the parliamentary procedure to exclude words prior to the vote on the conference report. Immediately after the vote on the conference report, if the conference report is adopted, a resolution will be offered by the Senator from California. That is the only proper procedure the parliamentarian knows which can be followed. It cannot be done otherwise.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. MUNDT. The Senator from South Dakota understands that this action will be a complete victory, because we have been trying to sustain the preference clause. There is no question but that that will be done, because the majority leader has said that if it cannot be done by unanimous consent it will be done by adoption of a regular joint resolution.

Mr. HICKENLOOPER. May I say to the Senator I do not agree that it is a complete victory, because the preference clause was in the bill anyway.

Mr. MUNDT. But this action will put it into language.

Mr. HICKENLOOPER. It is a matter of the use of words, which satisfies those who feel it was not covered.

Mr. MUNDT. It is a change in language.

The PRESIDING OFFICER. The time of the Senator has expired. Two minutes remain for the Senator from Texas [Mr. JOHNSON].

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the distinguished Senator from Georgia [Mr. GEORGE].

Mr. President, I ask for order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. GEORGE. Mr. President, I dislike to take any time to speak on this conference report. When the bill was before the Senate, and after it had been amended as it was amended in the Senate, I was prepared to vote for the bill.

Mr. LANGER. Mr. President, may we have order? We cannot hear.

The PRESIDING OFFICER. The Senate will be in order, and the Chair asks the guests in the gallery to be in order also.

The Senator from Georgia will continue.

Mr. GEORGE. I had just said, Mr. President, that when we considered the bill in the Senate, and after the amendments had been made to the bill, I was prepared to vote for the bill as amended. However, I do most of my voting before 8 o'clock at night, and the final vote on this bill came at 10 o'clock in the evening, and I was not here. I was prepared to vote for the bill with the Senate amendments. I would still vote for the bill with the Senate amendments.

There is now an effort to doctor the conference report, first by a resolution, which would require unanimous consent. We could not get unanimous consent, because the concurrent resolution would be subject to a point of order in the Senate and in the other House, and an individual objection could block it.

Of course, we can always pass a law and the next day repeal it, but why pass a law just for the sake of repealing it? That is not the orderly process.

Although the distinguished majority leader thinks such action could be taken, he will find that if this bill becomes a law there are interests in this country who will insist on it remaining law. The joint resolution which the majority leader would offer would have the full effect of a statute. It would be just as though we put a bill in the hopper, and passed it, if it took its orderly course.

In this case, Mr. President, I shall regard this as the most important vote I shall cast at this session of the Congress, and perhaps the most important vote I have ever cast. I shall vote to recommit the bill to conference by rejecting the conference report.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the conference report.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	McCarran
Anderson	Green	McCarthy
Barrett	Hayden	McClellan
Beall	Hendrickson	Millikin
Bennett	Hennings	Monroney
Bowring	Hickenlooper	Morse
Bricker	Hill	Mundt
Burke	Holland	Murray
Bush	Humphrey	Neely
Butler	Ives	Pastore
Byrd	Jackson	Payne
Carlson	Jenner	Potter
Case	Johnson, Colo.	Purtell
Chavez	Johnson, Tex.	Reynolds
Clements	Johnston, S. C.	Robertson
Cooper	Kefauver	Russell
Cordon	Kennedy	Saltonstall
Crippa	Kerr	Schoeppel
Daniel	Kilgore	Smathers
Dirksen	Knowland	Smith, Maine
Douglas	Kuchel	Smith, N. J.
Dworshak	Langer	Stennis
Ellender	Lehman	Symington
Ervin	Lennon	Thye
Ferguson	Long	Upton
Frear	Magnuson	Watkins
Fulbright	Malone	Welker
George	Mansfield	Wiley
Gillette	Martin	Williams
Goldwater	Maybank	Young

The PRESIDING OFFICER. A quorum is present.

Mr. KNOWLAND. Mr. President, I request the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. The question is on agreeing to the conference report, is it not?

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAYBANK (when his name was called). On this vote I have a live pair with the distinguished senior Senator from New Hampshire [Mr. BRIDGES]. If he were present—and he had intended to be present—he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. JENNER. My colleague, the distinguished senior Senator from Indiana [Mr. CAPEHART], is in Indiana on official business. He had intended to return to the Senate and to vote in the affirmative.

The distinguished senior Senator from Mississippi [Mr. EASTLAND] is also absent from the Senate on official business. He had intended to return and to vote in the negative.

In view of the circumstances, the Senator from Indiana and the Senator from Mississippi have entered into the equivalent of a live pair, thereby eliminating the necessity of their returning to vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. FLANDERS] and the Senator from Pennsylvania [Mr. DUFF] are necessarily absent.

On this vote, the Senator from Vermont [Mr. FLANDERS] is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from Vermont [Mr. FLANDERS] would vote "yea," and the Senator from Alabama [Mr. SPARKMAN] would vote "nay."

If present and voting, the Senator from Pennsylvania [Mr. DUFF] would vote "yea."

Mr. CLEMENTS. I announce that on this vote the Senator from Alabama [Mr. SPARKMAN], who is necessarily absent, is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from Alabama would vote "yea," and the Senator from Vermont would vote "nay."

The result was announced—yeas, 41, nays 48, as follows:

YEAS—41

Aiken	Ferguson	Potter
Barrett	Fulbright	Purtell
Beall	Goldwater	Reynolds
Bennett	Hendrickson	Saltonstall
Bowring	Hickenlooper	Schoeppel
Bricker	Ives	Smith, Maine
Bush	Jenner	Smith, N. J.
Butler	Knowland	Thye
Byrd	Kuchel	Upton
Carlson	Martin	Watkins
Case	McCarthy	Welker
Cordon	Millikin	Wiley
Crippa	Mundt	Williams
Dirksen	Payne	

NAYS—48

Anderson	Clements	Douglas
Burke	Cooper	Dworshak
Chavez	Daniel	Ellender
Ervin	Johnson, Tex.	McCarran
Frear	Johnston, S. C.	McClellan
George	Kefauver	Monroney
Gillette	Kennedy	Morse
Gore	Kerr	Murray
Green	Kilgore	Neely
Hayden	Langer	Pastore
Hennings	Lehman	Robertson
Hill	Lennon	Russell
Holland	Long	Smathers
Humphrey	Magnuson	Stennis
Jackson	Malone	Symington
Johnson, Colo.	Mansfield	Young

NOT VOTING—7

Bridges	Eastland	Sparkman
Capehart	Flanders	
Duff	Maybank	

So the conference report was rejected.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate insist upon its amendments, request a further conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HICKENLOOPER, Mr. KNOWLAND, Mr. BRICKER, Mr. JOHNSON of Colorado, and Mr. ANDERSON conferees on the part of the Senate.

SOCIAL SECURITY AMENDMENTS OF 1954

The PRESIDING OFFICER (Mr. PURTELL in the chair). The Chair lays before the Senate the unfinished business, H. R. 9366.

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors' insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

EMERGENCY MARCH OF DIMES OF THE NATIONAL FOUNDATION FOR INFANTILE PARALYSIS

Mr. FREAR. Mr. President, I have learned with deep concern of an emergency that has created the need for the Emergency March of Dimes of the National Foundation for Infantile Paralysis.

For many years I have had a vital interest in the battle against polio. Like millions of other Americans, I felt a tremendous encouragement upon reading that trial vaccine had been developed by Dr. Jonas E. Salk, a grantee of the National Foundation at the University of Pittsburgh. Here was concrete hope that something might be forthcoming which would prevent the crippling caused by this disease.

Although hundreds of thousands of children received injections of the potential vaccine last spring, polio incidence across the Nation today is mounting. This has created a grave emergency. Because so much of the funds contributed to the March of Dimes by the American people have gone into the vaccine trials, and into the purchase of gamma globulin, a temporary preventive, funds are exhausted for care of thousands of patients who need help.

I am certain all of us, realizing the situation, will wish to support the emer-

spending that we will not have to deal with a similar situation then or at anytime while I am in the Senate of the United States.

I also agree with what he said about the Secretary of the Treasury, the Honorable George Humphrey. As I have said heretofore in the Senate, I believe that probably no other man in the United States is better qualified to deal with these problems than is the Honorable George Humphrey. He has been confronted with a most difficult situation. He does not like to recommend an increase in the debt limit. He has had to do so because of the actions of the Congress of the United States.

Again I congratulate the able Senator from Virginia. I think he made a remarkably fine presentation, and I am very glad I was in the Chamber to hear it.

Mr. DANIEL. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. DANIEL. I wish also to congratulate the Senator from Virginia. I have followed him throughout the years. In offering myself as a candidate for the office of Senator, one pledge I made was that, short of total war, I would not vote to increase the total national debt nor would I vote to raise the debt ceiling. I do not believe I can vote for even this temporary increase, but the Senator from Virginia is certainly entitled to the praise and congratulations of the Senate for having worked out this plan for a temporary increase. Otherwise, I fear that we would be faced on the floor this afternoon with a sizable permanent increase in our national debt limit. I appreciate the work the Senator has done. I join with him in his remarks and his hope that we will start trimming our spending or at least fitting it to our income, as so many other countries of the world are doing.

I heard the figures of the national debt of the other nations stated by the Senator. I believe the last figures I saw of the national debts of all the other nations of the world show that we owe more money than all the other nations of the world combined. Is that correct?

My BYRD. That may be true. I have the figures for the 12 nations of Europe, and we owe more than 2½ times as much as those 12 nations of Europe.

Mr. LENNON. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. LENNON. I am sure the people of America were grateful to the distinguished senior Senator from Virginia [Mr. BYRD] and to the full Finance Committee when last summer they successfully resisted the pressure of the Secretary of the Treasury and the Director of the Budget in their efforts to increase the national debt limit from $275 billion to $290 billion. I believe every Member of the Senate today, as well as the people of American generally, share the view expressed by the distinguished senior Senator from Virginia to the effect that if we had raised the national debt limit to $290 billion last summer, very likely we would now be called upon to raise it again.

Like so many of my colleagues, I subscribe to the position that the departments, agencies, and bureaus of the Government will have come before the Congress next January with a longer and keener sight if they have any idea that Congress will increase their appropriations.

I want the Senate and the people of America to know that I am disappointed that it is necessary for the Committee on Finance to come to this necessary conclusion.

In the light of the fact that the Secretary of the Treasury and the Director of the Budget represented to the committee last summer that it was absolutely essential that the debt limit be raised from $275 billion to $290 billion, and that failure to do so would make it impossible for the Government to meet its current obligations, I wonder if now we are not faced with the same situation. I ask the distinguished Senator from Virginia this question: If the representation was made last summer that if the national debt limit were not increased by $15 billion we could not meet our current obligations, is it not likely that again a representation is being made to us to the effect that we shall not be able to meet our current obligations unless we raise the national-debt limit on a temporary basis by $6 billion?

Mr. BYRD. The situation is different in at least three respects. In the first place, we are $3 billion worse off than we were a year ago, because we have a $3 billion deficit in the year that ended last June 30. Therefore, our balance is $3 billion less than it was last year.

Secondly, under the so-called Mills plan corporate taxes in the July–December half of the year will be less again this year. And in the third place tax rates have been reduced.

Mr. LENNON. I am satisfied with the explanation of the distinguished Senator from Virginia. Considering his great knowledge of the fiscal affairs of the Nation, which I think exceeds that of many persons connected with Government today, if he is satisfied that we cannot escape raising the national-debt limit even on a temporary basis, I feel compelled to go along and vote with the senior Senator from Virginia.

Mr. BYRD. I think it is a close question. It is possible that Government agencies could effect further economies, thereby making the proposed increase in the debt limit unnecessary. Last August, in his appearance before our committee, as members of the Finance Committee know, Mr. Humphrey said that if he could not pay his bills there would be a panic. The result was that we did not increase the debt, and expenses were reduced by $6 billion, as compared with the previous year.

Now it is estimated that on January 15 the borrowing authority and the cash balance will be exhausted with a deficiency of $2 billion still remaining. Under these circumstances I felt we could not take such a risk. It would be a very unfortunate thing if at any time this country could not pay its current bills.

This is the first time in the history of the country that the statutory debt limit has been raised temporarily and it is with the understanding that economies must be achieved in the next year. Next year, under the new tax bill, the so-called Mills plan will be reversed. Corporations will be compelled to estimate their earnings in advance and beginning in September 1955 they will begin paying taxes on the estimate. Gradually the inequality of corporate tax collections will be wiped out. Senators can see from this statement I have presented where the inequality exists, assuming the statement is correct. There is a $2 billion deficiency on January 15. Yet on June 30 there is $6 billion in borrowing authority and cash on hand. This shows the inequality with which the revenue comes into the Treasury. Revenue comes in at an unequal monthly rate, but expenditures are on practically an equal monthly rate basis.

It is for that reason that the Senator from Virginia very reluctantly reached the conclusion that to be safe we had better grant this temporary increase, with the understanding that we expect the Treasury, the administration, and all the departments to reduce expenses sufficiently to make it unnecessary to renew this temporary increase in the debt limit.

Expenses were reduced $6 billion in fiscal 1954 as compared with fiscal 1953. I am speaking of actual expenditures. In my comparisons I have gotten away from talking about estimates because they do not mean anything. The administration reduced actual expenditures in 1954, compared with 1953, by $6 billion, and I compliment them for so doing. They can reduce expenditures another $6 billion in the coming year if they have so, but they cannot do it all at once.

I think this action should cause the administration to understand that Congress expects it not to ask for a renewal of this $6 billion. If it should be requested, I think the request ought to be very carefully scrutinized and not granted unless we are compelled to do so.

Mr. LENNON. I thank the senior Senator from Virginia, and I express the hope that the resolution which was introduced by the Senator from Virginia and the senior Senator from New Hampshire, which sets a balanced budget as a goal, will claim the attention of the Senate next year.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Pennsylvania.

Mr. MARTIN. Mr. President, I think the Senate is most appreciative of the very clear statements made by the distinguished chairman of the Finance Committee [Mr. MILLIKIN], and the very distinguished senior Senator from Virginia [Mr. BYRD].

I am most reluctant to vote to raise the debt ceiling, but I think the plan which has been evolved is a sound one, and should be adopted by the Senate. However, I should like to impress upon the Members of the Senate the fact that

unless we cut appropriations for the next fiscal year, or increase taxes, it will be necessary at this time next year to increase the debt ceiling. I think it is a responsibility of the American Congress. We should see that the budget is balanced, and there is no way to do that except by cutting expenditures or increasing taxes.

I have no questions to ask of the distinguished Senator, for I think the two statements which have been made are very clear. I desire to conclude by expressing the view that the people of the United States are most fortunate to have on the Senate Finance Committee men of the ability and the courage of the junior Senator from Colorado [Mr. MILLIKIN], the senior Senator from Georgia [Mr. GEORGE], and the senior Senator from Virginia [Mr. BYRD].

Mr. GEORGE. Mr. President, I, too, hope that this is only a temporary increase in the debt limit, but I do not think we can be too optimistic about it. The Secretary of the Treasury, I believe, stated as the basic recommendation to the committee that he could get along with an increase in the limit of $5 billion and an additional $5 billion on a temporary basis. That is $5 billion as a permanent increase, making the debt limit $280 billion, with a temporary increase of $5 billion to be liquidated at the end of this fiscal year, or at the beginning of another fiscal year.

We must not forget, Mr. President, that even if the Congress cuts down appropriations, the capacity to spend is still present and the ability to spend is still present if, through taxation or borrowing, the money can be obtained to spend. That is true because of the enormous carryover of unexpended balances.

The unexpended balances are now $60 billion. I thought they were a little above $60 billion, and the distinguished Senator from Virginia has stated they are about $60 billion. That is an enormous carryover, and, even if Congress did not appropriate any money next year for any purpose, and we could reapportion the $60 billion already authorized, and already appropriated but not actually in hand, we would spend our total income in that year. That is because our income is not going to be so great as it was in the last fiscal year. That is something I wanted to emphasize at this time. The Government's income is already down. As a matter of fact, some of the large and powerful corporations of the country have shown enormous profits, but corporations as a whole are showing some $2 billion less profits up to this time, taxwise. That is a minus $2 billion when they are grouped altogether.

I have great respect for the Secretary of the Treasury and I have great confidence in his judgment. The Secretary of the Treasury was of the opinion that by the end of this fiscal year, the down trend in corporate earnings would not indicate so great a Treasury loss, but would probably be increased by $1 billion, or perhaps $1½ billion. However, at the present time total corporate earnings show a loss as compared with earnings on which corporations paid taxes last year.

Another thing must be borne in mind. Under the changes recently made by Congress in our tax laws the corporate rate will drop next April 1 from 52 percent to 47 percent. That of itself represents a considerable loss to the Treasury. From my own experience in handling tax matters, I would say that it is going to be very difficult to avoid further reductions in many of the excise taxes during the next year. The problem will be to avoid by tax reductions a further loss of revenue and likewise to continue the high corporate rate of 52 percent beyond next April. Unless that rate is continued, or some additional taxes are levied to make up for the Treasury loss of about $2 billion, we will have a very much reduced chance of retiring or reducing this temporary increase in the debt limit by paying off the $6 billion, or so much of it as may be borrowed, at the end of the current fiscal year.

I merely point out those two facts. Regardless of how deeply we cut appropriations, the unexpended balances afford a ready opportunity for the expenditure of money, and it is necessary to look to what the Government is taking in and what it is spending. If the spending is not cut further, we will be called on, I am sure, at the end of this fiscal year, to increase the debt limit again.

I do not think, however, we can blink at the fact that we must maintain the credit of the United States. While we most regretfully must increase the debt limit, at the same time we have only two options. One option is to do so, and the other is to levy new taxes which will bring in new revenue, and this is not a very good time to levy new taxes on the American people.

With all the reductions which have been made, tax rates are still very high. I think the Secretary of the Treasury was correct when he said that, in his judgment, over a long period of time the American people could not continue to pay the present high Federal taxes, plus all the other taxes which they must pay, without hurting business. But we must reduce expenditures as much as we possibly can. We would be very sensible and very well advised to cut appropriations more deeply than we have cut them even during the past 18 months. If those things are not done, and if the revenue which comes in from taxes is not maintained at its present level, and next April reductions are not made as contemplated in existing law, or, if made, and new taxes are not found to take up that loss, we shall unquestionably be faced with a request for an increase in the debt limit again next year.

We must maintain the credit of the United States. I do not feel that the Secretary's recommendation of a $5 billion permanent increase with a $5 billion temporary increase on the basis of 5 and 1, as is now recommended, would have been too far out of line. But I have a strong feeling that the Treasury will be able to get through this year in a fairly comfortable position throughout the year. Therefore, I think there is nothing we can do except to vote for this increase.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to provide for a temporary increase in the public debt limit."

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. MILLIKIN obtained the floor.

Mr. MARTIN. Mr. President, will the Senator from Colorado yield for a unanimous-consent request?

Mr. MILLIKIN. I yield.

RECLASSIFICATION OF DICTOPHONES IN THE TARIFF ACT OF 1930—MOTION FOR RECONSIDERATION

Mr. MARTIN. Mr. President, I ask unanimous consent to return to Calendar No. 2001, House bill 8932, to reclassify dictophones in the Tariff Act of 1930. This bill was passed on the call of the calendar a day or two ago.

Mr. HUMPHREY. Mr. President, reserving the right to object, as I understand the request of the Senator from Pennsylvania, it is with reference to my motion to call back from the House H. R. 8932; is that correct?

Mr. MARTIN. That is correct.

Mr. HUMPHREY. As of last night I requested that the Senate seek the return of the bill which had been before the Senate. I have no objection to the request of the Senator from Pennsylvania. We have discussed the matter, and I would appreciate it if the Senator would explain what we have agreed to and what seems to be a clarification of the purpose of the bill.

Mr. MARTIN. Mr. President, this proposed legislation was intended originally and is now intended to cover only the granite imported for the Iwo Jima statue paid for by contributions from Marine veterans.

The only reason the language did not specifically mention the Iwo Jima monument was the objection from Government Departments to specific legislation for particular projects or industries. They said it was a bad precedent and difficult to administer and it was at their suggestion that we drafted the bill in a

general manner to cover this particular thing.

By putting the specific deadline of January 1, 1955, we have definitely limited the operation of the bill to this monument alone, because the bill states that the project using the granite must be the result of a Federal law for specific monuments on Federal property only. There is no other law on the books or pending before Congress for the erection of any other monument on Federal property, and so January 1 is a very safe date and is much easier for the Treasury Department to administer because it comes at the end of a calendar and statistical year.

The bill cannot apply to any but the Iwo Jima monument and does not need any changes to accomplish that purpose.

Mr. HUMPHREY. Mr. President, will the Senator from Pennsylvania yield?

Mr. MARTIN. I yield.

Mr. HUMPHREY. With that legislative history, there is now no difficulty as to the removal of the duty on the granite which will be imported. The removal of the tariff duty is for this one particular monument which has been described by the Senator from Pennsylvania. It will not permit the general movement of granite into the country up until January 1 for other purposes; is that correct?

Mr. MARTIN. The Senator is absolutely correct. The monument must be erected on Federal property.

Mr. HUMPHREY. In this instance, it is for the Iwo Jima monument specifically.

Mr. MARTIN. That is correct. The Senator will recall that it is a monument representing a group of marines raising the flag on the island of Iwo Jima.

Mr. HUMPHREY. I think it is a most worthy enterprise. As I said to the Senator from Pennsylvania, there had been a request from my State because we are very proud of our black granite in Minnesota, and we make note of the fact that it was used in the Jefferson Memorial. Of course, we are always happy to have our granite used in any memorial which may be constructed in this country.

The PRESIDING OFFICER. Does the Chair correctly understand that either of the Senators is asking unanimous consent to withdraw the motion which was made last night?

Mr. HUMPHREY. I ask unanimous consent to withdraw the motion.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, we are all appreciative of the many marines who have contributed to make this monument possible.

Mr. MARTIN. Mr. President, I thank the Senator from Minnesota for his cooperation.

Mr. HUMPHREY. It is always a pleasure to work with the Senator from Pennsylvania.

COMPENSATION OF HOLDERS OF CONTRACTS FOR PERFORMANCE OF MAIL-MESSENGER SERVICE

The PRESIDING OFFICER (Mr. REYNOLDS in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 2263) to authorize the Postmaster General to readjust the compensation of holders of contracts for the performance of mail-messenger service, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CARLSON. Mr. President, I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CARLSON, Mr. DUFF, and Mr. JOHNSTON of South Carolina conferees on the part of the Senate.

OBSERVANCE OF PHILIPPINE-AMERICAN DAY

Mr. LEHMAN. Mr. President, today marks 55 years of close association between the United States and our great friend and ally, the Philippine Republic. I have prepared a statement with regard to this very important, historic day which we are now observing. I ask unanimous consent that it be printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN

Today throughout the length and breadth of the Philippine Republic Philippine-American Day is being observed. The President of the Philippines, Mr. Ramon Magsaysay, is leading his 20 million countrymen in tribute to the 55 years of association which witnessed the United States come to the Philippines as a conqueror, remain as an educator, and leave as a liberator.

In 1898 and 1899 American forces landed in Manila, having reduced the Spanish garrison there. At that time the Filipino people, who had been fighting for their independence against Spain, turned against us when it was ascertained that we came at that time not as liberators but as occupiers.

The American forces pacified the Filipino insurgents—the rebels of that day. That is to say, we overcame them by force. That was the day when President William McKinley decided that it was the "manifest destiny" of the United States to become a colonial power and to bear our share of what Rudyard Kipling described as the "white man's burden."

That semi-imperialist concept did not reflect the spirit of the American people. Only a decade thereafter, with the election of Woodrow Wilson as President of the United States, a pledge of eventual independence was given to the Filipino people. That pledge was redeemed under the next Democratic President of the United States, Franklin D. Roosevelt, with the passage of the Tydings-McDuffie Act in 1934. That pledge was fulfilled on July 4, 1946, when the American flag—the flag of American sovereignty—was hauled down and the red, white, blue, and yellow flag of the Philippine Republic was raised in its place.

But from the very beginning of the occupation of the Philippines the American spirit was reflected in a policy which first startled and then won the hearts of the Filipino people.

Within weeks after the American flag had been raised in the Philippines an American ship arrived in Manila Harbor loaded, not with troops or supplies but with schoolteachers, sent to man, not barricades but schools which were newly established in every part and section of the Philippine Islands; and William Howard Taft, who as Governor General called the Filipinos "our little brown brothers," laid the groundwork for an intimate relationship between the American and Filipino people which was to grow warmer and closer with the passage of the years. Although the policy of that period was imperialistic, it was warm, benevolent, and enlightened.

For many years August 13 was observed in the Philippines as Occupation Day. It celebrated the arrival of the American forces. This year it was proclaimed by President Magsaysay as Philippine-American Day. A free and sovereign country does not observe or celebrate the anniversary of its occupation by a foreign power, however benign and beneficent. But we Americans may take real pride in the fact that this date has not been forgotten by the Filipino people or by their leaders. Instead, it has been converted into a day for the celebration of Philippine-American amity, for the observance of the common traditions and common values which both the Filipino and the American people hold and cherish.

I trust, on our part, in taking note of this day we in the Senate and in the country at large will resolve never to forget the special relationship we have with the Filipino people and with the Philippine Republic, a relationship as close as that which we have with any other nation of the world. We must never forget Bataan and Corregidor and the battles which the Filipino people fought for our cause, for the restoration of American sovereignty, even after the American flag had been hauled down in defeat.

I hope I may be speaking for the entire Senate in extending to President Magsaysay, of the Philippine Republic, and to the Filipino people the heartfelt regards and affectionate good wishes of the Senate of the United States.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, H. R. 9366, as amended by the Committee on Finance, is designed to improve the old-age and survivors insurance system—the system which President Eisenhower has called "the cornerstone of the Government's programs to promote the economic security of the individual."

In his message to Congress of January 14, 1954, the President recommended the expansion and improvement of old-age and survivors insurance and the preservation of the basic principles of the system. He cited two principles as the most important. These are:

First. The contributory aspect of the system under which the worker and his employer make payments during the years of active work, and

Second. The benefits received are related in part to the individual's earnings.

The provisions of the pending bill follow the President's recommendations.

Contributory social insurance continues to be basic in our governmental system for affording protection against the economic hazards resulting from old age and premature death. In my opinion, it is in the public interest for us to expand and improve the existing program which has been in operation since 1937.

Currently about 6½ million individuals—more than 5 million of whom are past 65 years of age—are on the benefit rolls. Studies conducted by the Bureau of Old-Age and Survivors Insurance indicate that a vast majority of the beneficiaries depend upon their monthly old-age and survivors insurance benefits to meet their day-by-day living expenses. If it were not for the contributory social insurance system, many of these beneficiaries would have to turn to public assistance for at least part of their bread and butter, shelter, and health needs.

In 1950 when I supported the 1950 Social Security Act amendments, I said:

> History shows that as a nation becomes predominantly industrial, less and less security for more and more people is to be found in the cellar. The close ties of most people in less complicated agrarian economies with the protection and sustaining power of the land are severed and security must be found in the pay envelope, in the ability of the worker to buy his security from that which is in his pay envelope, and which by the nature of his employment in industrial areas cannot be found in the cellar.
>
> Perfectionist theories for preserving individual security are shattered as to millions of people away from the land, due to the preventable and unpreventable disasters to payrolls caused by cyclical swings and numerous types of maladjustment in the economy, and often due to plain human frailty or catastrophic personal tragedies—all beyond the cure of lectures and stern admonitions by our Spartanists. The wide-scale junking of workers in mass-production industries even before middle age has been reached may prove too much even for the most rugged of the rugged individualists.

There are several principal reasons which justify our support of the contributory social insurance system. The reasons include:

Benefits are provided as a matter of right without a means test—a test which I have always disliked.

The cost is met by the production of the worker and his employer through the payroll tax or, if he is self-employed, the self-employment tax, and thus assuring a continuing interest in the program on the part of management, labor, and the general public.

The enactment of H. R. 9366 would improve old-age and survivors insurance so that in most respects the system would afford the protection recommended by the Advisory Council on Social Security to the Committee on Finance, appointed in 1947 pursuant to a Senate resolution adopted by the 80th Congress. This resolution was sponsored jointly by the senior Senator from Georgia and by the junior Senator from Colorado, and it directed the Senate Finance Committee "to make a full and complete investigation of old-age and survivors insurance and all other aspects of the existing social-security system particularly in respect to coverage, benefits, and taxes relative thereof."

The Council consisted of 17 men and women of high standing, broad experience, and especially qualified to protect the interests of the worker, employer, and the public. The late Edward R. Stettinius, Jr., then rector of the University of Virginia and formerly Secretary of State, was the chairman, and Dr. Sumner H. Slichter, Lamont University professor, was the cochairman.

The findings and recommendations of the Advisory Council were very helpful to your committee in formulating the 1950 Social Security Act amendments. Again this year, in determining policy decisions before the committee, in connection with the pending bill, the findings of the Council were taken into consideration. I am happy to state that the pending bill, along with the 1950 social security amendments, would carry out nearly all the recommendations made by the Council regarding old-age and survivors insurance. The major omission in the bill, when measured against the old-age insurance program recommended by the Council, relates to coverage.

Farm operators and the self-employed members of the professions excluded under present law would not be covered by H. R. 9366. In considering the extension of coverage to additional groups, your committee was guided by both the administrative feasibility of coverage and the wishes of the members of these groups as expressed by their spokesmen in testimony before the committee. Your committee found that there was a division of opinion among farm operators and the professional self-employed.

In the interest of securing as broad coverage as possible under the program, consideration was given to the possibility of allowing individuals working in such occupations to elect coverage on a voluntary basis. In this way the problem of diverse opinion on entrance into the program could have been resolved. Your committee concluded, however, that extension of coverage on an individual voluntary basis involved grave dangers with respect to the financing of the system, as well as discrimination against the great majority of workers covered under the program on a compulsory basis. Therefore when the committee found that substantial agreement did not exist among representatives of farmers and self-employed professionals as to whether they desired to be covered, the committee concluded that it would be wiser to continue the exclusion of these groups rather than allow the election of coverage as to individuals.

The old-age and survivors insurance system contains benefit provisions which allow for the payment of benefits in individual cases that are considerably in excess of the value of the contributions paid. Thus workers retiring in the early years after their coverage under the program started are permitted to draw full-rate benefits on the basis of a short period of work and contributions. Also, the survivors' insurance protection to individuals with large families is especially valuable. These provisions are necessary to the effective fulfillment of the purposes of the system in preventing dependency. They would, however, make the program vulnerable to adverse selection if coverage were to be made available on the basis of individual choice. Those who would elect coverage under a voluntary option are primarily those who could expect the largest return for a relatively small contribution. The deficit in their contributions would have to be made up by increasing the contribution rate for the covered groups as a whole. The result would be that those who are compulsorily covered along with their employers would have to bear a large part of the cost of the difference between what the select group pays and what it receives.

Your committee is convinced that the compulsory character of the system must be preserved, and that in the absence of overriding considerations of a special character, as is present in the case of members of the clergy, any extension of coverage must be on a mandatory basis with respect to individuals.

There are many provisions in the pending bill which I should like to discuss in detail and emphasize their importance for the economic security of American families. However, in order to conserve time, and as each Member of the Senate has not only been furnished the committee report—No. 1987—which consists of 183 pages, but also a document entitled "Major Differences in the Present Social Security Law and H. R. 9366 as Reported by the Committee on Finance," I shall summarize the principal provisions in the bill.

The provisions relating to old-age and survivors insurance would broaden coverage, bring benefits more in line with present-day price and wage levels, prevent reduction in benefits for workers who because of total disability cannot continue to work, and liberalize the existing retirement test so as to allow beneficiaries greater freedom to accept part-time or seasonal employment.

In summary the principal old-age and survivors' insurance provisions are:

First. Extension of coverage: Old-age and survivors' insurance coverage would be afforded to approximately 7 million persons who work during the course of a year in jobs now excluded from the program. The groups brought into the program under the bill are as follows:

(a) Employees of State and local governments who are covered by State and local retirement systems, other than policemen and firemen, under voluntary agreements between the State and the Federal Government, if a majority of the members of the system vote in a referendum in favor of coverage. There are about 3.5 million of those persons.

(b) Farmworkers who are paid at least $50 in cash wages by one employer in a calendar quarter. There are about 2.6 million of those persons.

(c) Domestic workers in private homes (and others who perform work

not in the course of the employer's trade or business) who are paid $50 in cash wages by an employer in a calendar quarter, regardless of the 24-day test required in the pressent law. There are about 250,000 persons in that category.

(d) Ministers and members of religious orders, whether self-employed or employees, if they elect individually for coverage as self-employed persons. There are about 260,000 of those persons.

That is the group to which I referred a while ago, who labor under special circumstances, which caused the committee to feel that they should be considered a justified exception.

(e) American citizens employed outside the United States by foreign subsidiaries of American companies. Under voluntary agreements between the Federal Government and the parent American concern there are about 100,000 citizens affected by this provision.

(f) Homeworkers who are now excluded from coverage as employees—whether or not they are now covered as self-employed persons—because their services are not subject to State licensing laws. There are about 100,000 of those persons.

(g) Employees engaged in fishing and related activities, on vessels of 10 net tons or less or on shore. There are about 50,000 persons affected by this provision.

(h) American citizens employed by American employers on vessels and aircraft of foreign registry. There is a very small number of those.

Second. Computation of average monthly wage: Up to 5 years in which earnings were lowest or nonexistent could be dropped from the computation of the average monthly wage.

Third. Earnings base: The total annual earnings on which benefits would be computed and contributions paid would be raised from $3,600 to $4,200.

Fourth. Increase in benefits: (a) More than 6.5 million persons now on the benefit rolls would have their benefits increased. The average increase for retired workers would be about $6 a month with proportionate increases for dependents and survivors. The range in primary insurance amounts for those now on the rolls would be $30 to $98.50 as compared to $25 to $85 under present law.

(b) Persons who retire or die in the future would, in general, have their benefits computed by the following new formula: 55 percent of the first $110 of average monthly wage, rather than $100 as in the present law, plus 20 percent of the next $240, rather than 15 percent of the next $200. Under this formula, the maximum monthly benefit for a retired worker would be $108.50 and $54.25 for his aged wife, or a total of $162.75.

(c) The maximum monthly family benefit of $168.75 would be increased to $200.

(d) The minimum monthly benefit amount for a retired worker would be $30, and the minimum amount payable where only one survivor is entitled to benefits on the deceased insured person's earnings, would be $30.

Fifth. Limitation on earnings of beneficiaries: The earnings limitation would be removed at age 72. For beneficiaries under age 72 the earnings limitation would be made the same for wage earners and self-employed persons. A beneficiary could earn as much as $1,200 in a year from covered work without loss of benefits. He would lose 1 month's benefit for each unit of $80, or fraction thereof, of covered earnings in excess of $1,200, but in no case would he lose benefits for months in which he neither earned more than $80 in wages nor rendered substantial services in self-employment.

Mr. MORSE. Mr. President, will the Senator yield for a question at that point?

Mr. MILLIKIN. I yield.

Mr. MORSE. What does that represent by way of a change from the previous provisions?

Mr. MILLIKIN. At the present time, the age limit is 75. This brings the age limit down to 72.

Mr. MORSE. What is the change as to the amount?

Mr. MILLIKIN. As to the amount it is $75 a month, which is the key amount.

A beneficiary could earn as much as $1,200 a year from covered work without loss of benefits. He would lose 1 month's benefit for each unit of $80 or fraction thereof of covered earnings in excess of $1,200. In other words, he could earn up to $1,200.

Mr. MORSE. That is the new provision?

Mr. MILLIKIN. Yes.

Mr. MORSE. In contrast to the old provision.

Mr. MILLIKIN. $75 is the present law. Thank you, sir.

Mr. MORSE. Thank you.

Mr. MILLIKIN. Beneficiaries engaged in noncovered work outside the United States would have their benefits withheld for any month in which they worked on 7 or more days.

Sixth. Eligibility for benefits: (a) As an alternative to the present requirements for fully insured status, an individual would be fully insured if all the quarters elapsing after 1954 and up to the quarter of his death or attainment of age 65 were quarters of coverage, provided he had at least 6 quarters of coverage after 1954.

Seventh. Preservation of benfit rights for disabled: The period during which an individual was under an extended total disability would be excluded in determining his insured status and the amount of benefits payable to him upon retirement or to his survivors in the event of his death. Only disabilities lasting more than 6 months would be taken into account. Determinations of disabilities generally would be made by State vocational rehabilitation agencies or other appropriate State agencies pursuant to agreements with the Secretary of Health, Education, and Welfare.

Eighth. Recomputation of benefits for work after entitlement: An individual may have his benefit recomputed to take into account additional earnings after entitlement if he has covered earnings of more than $1,200 in a calendar year after 1953 and after the year in which his benefit was last computed.

Ninth. Contribution rates: Employers and employees will continue to share equally, with the rates on each being as follows:

Calendar years:	*Rate (percent)*
1954–59	2
1960–64	2½
1965–69	3
1970–74	3½
1975 and after	4

The self-employed would pay 1½ times the above rates.

Although the pending bill relates primarily to the old-age and survivors program your committee has not been unmindful of the needs of the recipients of the State-Federal public assistance programs.

The bill extends through September 30, 1956, the provisions of the 1952 amendments—presently scheduled to expire on September 30, 1954—with respect to Federal payments to States for public-assistance programs.

That relates, in a word, to what we call the McFarland amendment.

Until that date, the Federal share in old-age assistance, aid to the blind, and aid to the permanently and totally disabled will continue to be four-fifths of the first $25 of a State's average monthly payment per recipient, plus one-half of the remainder, within individual maximums of $55. For aid to dependent children the Federal share will be four-fifths of the first $15 of a State's average monthly payment per recipient, plus one-half of the remainder within individual maximums of $30 for the adult, $30 for the first child, and $21 for each additional child in a family.

In making this recommendation for the State-Federal public assistance programs your committee was of the opinion that by September 30, 1956, sufficient time would elapse to enable the Congress to give consideration to basic amendments in the Federal matching formulas.

The cost of continuing the increased Federal payments is about $400 million for the 24-month period.

By having the Federal Government continue to provide the extra Federal matching initiated in 1952, the States should be able to meet adequately the needs of State-Federal public assistance recipients. I should like to remind my colleagues that the liberalizations contained in the provisions in the bill relating to the old-age and survivors insurance will decrease the number of individuals who will require public assistance payments.

I urge the adoption of the measure before us.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as amended be considered as the original text, for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

The Chair hears none, and it is so ordered.

Mr. THYE. If the Senator will yield, I should like to ask him a question about offshore seasonal workers, such as might be brought in from the islands, who would be engaged in the harvesting of vegetables and fruit, and canning crops of various kinds. I did not note any particular reference to them. I noted that the Mexican worker was excluded.

Mr. MILLIKIN. He is excluded because we operate under an agreement with Mexico. Questions have been raised whether we should have similar arrangements with other countries.

Mr. THYE. That is correct. The question has also been raised with me. But, assuming that an offshore worker worked 5 months one season, then worked 4 months another year, and then did not return to the United States, how would such an account be handled and at what time would the records be closed on such an account? It poses a very serious problem from the standpoint of administrative function, and also for the employer of such seasonal workers.

Mr. MILLIKIN. Fiscally, the money received from that source would go into a trust fund. The Senator understands that any excess of collections over what is paid out goes into a so-called trust fund.

Mr. THYE. Yes.

Mr. MILLIKIN. I do not like to call it a trust fund, but that is the only name I can think of.

Mr. THYE. The question, however, is this: Suppose I were the employer, and I brought someone in and employed him for a period of 5 months in the calendar year 1954, then I employed the same person for 4 months in 1955, and then I did not employ him for some time. In the event that person made application and was of sufficient age and was qualified to receive retirement pay, how would such an account be handled?

Mr. MILLIKIN. Is the Senator discussing the present law?

Mr. THYE. I am discussing the provisions in this new bill, H. R. 9766.

Mr. MILLIKIN. Under the circumstances which the Senator has described, the worker would not be qualified for benefits.

Mr. THYE. He would not be?

Mr. MILLIKIN. No.

Mr. THYE. Why?

Mr. MILLIKIN. Because he had not worked long enough to get on the rolls.

Mr. THYE. However, if a person worked 3 months in a quarter, that would be 1 quarter's coverage, and he would then be eligible, would he not?

Mr. MILLIKIN. He would not be eligible. He would be on the roll, but it would depend upon the future history of that worker whether he would finally become eligible for benefits.

Mr. THYE. That is what I am trying to establish. The question does not pertain to me. I used myself as an example. I am trying to establish a record that would guide the person who was bringing in offshore workers who work in the harvesting of apples, and who work in the harvesting of vegetables all along the eastern coast and also in Minnesota and on the west coast. I am trying to bring out some information that will make it crystal clear to a company which is engaged in the canning of peas or sweet corn or any other type of vegetable, how the account is to be handled if the company employs a person for 4 or 5 months a year over a period of years. If the worker is employed more than 60 days in a quarter, the tax payment has to be made. Is that not correct?

Mr. MILLIKIN. Yes; but I think the problem the Senator is posing is a bookkeeping problem. The employer has to keep track of the employees, he has to keep track of what he pays his employees, and he has certain accountability to make to the Government. If the Senator wants me to draw a graph with columns in the ledger, and so forth, I do not feel qualified to do it.

Mr. THYE. No.

Mr. MILLIKIN. I think once we give the direction of what the obligations are, the employer will set up the necessary bookkeeping system.

Mr. THYE. The Senator from Minnesota does not want the able and distinguished chairman to draw any graphs. He has enough problems without getting down to that detail. The question I want to have made clear is, in the first place, what responsibility the Government has to the type of workers who come into the United States seasonally from an island which may be under British control, who are British subjects, not American citizens, and who do seasonal work in the United States for a period of 10 years, working 4 or 5 months of each year. Are social-security benefits provided for that kind of worker 10 years later?

Mr. MILLIKIN. The Senator has mentioned 10 years. Assuming the period is 10 years and assuming the other things he has mentioned, the worker would be qualified to receive benefits under the social-security system.

Mr. THYE. If he was a British subject who came into the United States and was employed by American employers, even though he did not become a citizen of the United States but still remained a British subject, could he live on a British-controlled island and draw old-age and survivor's insurance or retirement from the United States Treasury?

Mr. MILLIKIN. That is the way it is. There has been considerable complaint about it. I think before it can be changed, there will have to be some conferences with the foreign countries which are affected.

Mr. BUSH. The protection will have been paid for.

Mr. MILLIKIN. Yes, he has paid for his protection.

Mr. THYE. However, I bring this thought up: The employer will have made a certain payment and the employee will have made a certain payment to the Federal Government.

Mr. MILLIKIN. They have both paid, so that, in a sense, balances the accounts, but not completely. I think an additional element should be considered. This system provides certain benefits which the Government intends, as a matter of policy, to accrue to the beneficiaries under the system. Whether those extras were intended to benefit citizens of other countries is another question, and it is a large question. It is something we have handled in the case of workers from Mexico. We may have to handle it in the case of workers from other countries. It ought not to be done in a scattershot method on the Senate floor.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. SMATHERS. The senior Senator from Florida [Mr. HOLLAND] and I have an amendment proposed to be offered by us to the bill, which will eliminate coverage of workers from Jamaica, Bahamas, and the British West Indies who are brought into our State every year on a temporary basis for a period of 3 to 4 months to perform agricultural labor. In these instances, the Department of Labor certifies that there is a shortage of domestic labor in Florida for that purpose, and employers in Florida get them to come into the State and send them back when they have finished their work. It was our feeling that they should not be covered by the Social Security Act. We have therefore prepared an amendment to be offered at the proper time, the purpose of which is to eliminate from such coverage this class of agricultural workers who come into Florida from Jamaica, Bahamas, and the British West Indies.

Mr. MILLIKIN. Is the amendment limited to the British West Indies?

Mr. SMATHERS. It is.

Mr. MILLIKIN. I hope the Senator will offer the amendment. Personally, I should be willing to take it to conference. I think we should be very careful tonight not to shoot with buckshot, because many nations may be involved, and we do not know what our arrangements are with them. We have had no hearings on the proposal. I recognize the problem which the Senator raises.

Mr. THYE. The reason I was endeavoring to get this question clarified by the colloquy or discussion is primarily that the question has been raised with me that an American citizen employing Mexicans is exempt from paying the tax on the wages of the Mexican worker, while the citizen who brings in workers from the West Indies immediately has to pay a tax. If a man employing Mexican workers has the advantage of not paying a tax, he would naturally discriminate against American citizens who are seeking employment, on whose wages he would have to pay a tax.

These are questions which I think we should try to have made clear.

Mr. MILLIKIN. I understand the Senator's suggestions and thoughts. There is a great deal to what he says. As I understand, the amendments, which the Senator from Florida is about to propose, are limited in area. I have received some information from the staff. I cannot say exactly, but so far as the British are concerned I understand, there would be no objection. That is something that ought to be looked into

by the State Department before we finalize that kind of legislation and make it universal.

Mr. KNOWLAND. Mr. President, will the Senator from Colorado yield, so that I may suggest the absence of a quorum, primarily for the purpose of proposing a unanimous-consent request?

Mr. MILLIKIN. Will the Senator withhold his request for a moment?

Mr. KNOWLAND. Certainly.

Mr. MILLIKIN. Why does not the Senator from Florida offer his amendments, while the going is good, so to speak?

Mr. SMATHERS. Mr. President, on behalf my distinguished senior colleague [Mr. HOLLAND] and myself, I offer two amendments to the pending bill.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). The Secretary will state the amendments.

The LEGISLATIVE CLERK. On page 3, in line 18, beginning with the word "workers", it is proposed to strike out all down to and including line 20, and insert in lieu thereof the following:

(i) workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the British West Indies on a temporary basis to perform agricultural labor.

On page 115, line 10, beginning with the word "workers", strike out all down to and including line 12 and insert in lieu thereof the following:

(i) workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the British West Indies on a temporary basis to perform agricultural labor.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Florida.

Mr. THYE. Mr. President, I should like to direct a question to the able chairman of the committee before action is taken on the amendments. Why could we not apply amendments of that kind to all offshore workers?

Mr. MILLIKIN. It may be that it could be done, but I believe the subject should be reviewed in committee, and it should be reviewed by the State Department, so that we may avoid setting up what might well be an irritation in our relation with other countries.

Mr. THYE. Assuming the amendments are agreed to and that they apply only to the West Indies, employers who get offshore workers from other areas will say to those who represent them, "Why did you not do for us what the Senators from Florida did with respect to workers who come from the West Indies?"

We who represent other States would be faced with that kind of question. That is what would be asked if we were to permit something to happen with respect to offshore workers that is beneficial to one State but not to other States.

Therefore, I may well be faced with that kind of question. It does not seem fair or just to the employer in one area not to be able to bring in workers from some offshore islands while employers in other States get the benefit of employing workers from the West Indies. That poses a problem.

Mr. MILLIKIN. I do not represent that what I am about to say is 100 percent accurate, but I have received some information to the effect that the British have no objection to such agreements. The Senator's problem is to find out—and I hope to find out for him, although I cannot do it tonight—whether or not the people of the particular offshore countries from which his constituents get their labor will be resentful if the same procedure is applied wtih respect to their people.

Mr. THYE. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield.

Mr. THYE. I should like to press that thought a little further. Has the Senator from Colorado any knowledge that any of the countries now involved would object if we were to deny them this coverage?

Mr. MILLIKIN. I do not; but I do not believe we should proceed at this time.

Mr. THYE. I thought perhaps the chairman and his committee had studied the subject sufficiently so that he would have information relative to other islands, to the same extent that he has information with reference to Mexico and the West Indies.

Mr. MILLIKIN. This question arises for the first time on the floor. The chairman, after discussing the matter with the staff of the committee, has learned about the British situation. I can well understand how this situation would put some Senators somewhat on a spot, but I do not think we can avoid all spots that might involve Senators. I nthat connection, I should like to quote from an authority whom I seldom quote. President Truman used to say, "If you can't stand the heat, stay out of the kitchen."

Mr. THYE. To which I should like to add that if a person cannot stand the heat in the kitchen, he should either change the method of heating, or put in a different heating system. I propose to examine both possibilities. If it is possible to exempt the West Indies, I shall try to bring in an amendment that will take off the heat with respect to some other areas as well.

Mr. MILLIKIN. I promise the Senator that at the next session of Congress, next year, we will gladly hear from the Senator.

Mr. THYE. I will endeavor to draft an amendment and have it on the Senator's desk tomorrow morning.

Mr. MILLIKIN. That is the Senator's privilege. I hope tomorrow will be too late.

Mr. SMATHERS. I may not know my geography very well, but are there other areas than the British West Indies, Jamaica, the Bahamas, and Mexico from which offshore laborers come to this country?

Mr. THYE. I will endeavor to acquaint myself with that situation.

Mr. SMATHERS. I believe that by working out contracts which have already been worked out with Mexico and by adopting a provision with reference to persons lawfully admitted to the United States from Jamaica, Bahamas, and the British West Indies on a temporary basis to perform agricultural labor, we will have included practically all the labor with which the Senator from Minnesota is concerned.

I may say to the Senator that the problem with which we are concerned in our State is met by employers first obtaining a certificate from the Department of Labor certifying that there is a shortage of domestic labor in the area and asking that they be permitted to bring in x number of workers from Jamaica, Bahamas, and the British West Indies. When such labor is brought in they cannot remain in the country for more than 3 or 4 months, under the law, and can work only on the particular job for which they were brought into the country. They do not become transient workers and do not compete with other workers in our State. After they have completed the job for which they were brought into this country, they must return to their own country.

Mr. THYE. Some of the workers who come from offshore come up along the Atlantic coast and they wind up picking apples in Virginia.

Mr. SMATHERS. Those are not the ones which would come under the proposed amendment because the amendment is applicable only to those cases where a certification has been obtained from the Department of Labor stating that there is no available supply of domestic labor. In that way we stop them from competing with domestic labor or from becoming transients.

Mr. THYE. Mr. President, I thank the distinguished Senator.

Mr. MILLIKIN. I am very appreciative.

Mr. THYE. I am now going to proceed to see whether it is necessary for me to make requisition for a ventilating system.

Mr. MILLIKIN. If so, you will find very willing workers, if you find the answer in time.

Mr. KNOWLAND. Will the Senator now yield for the purpose of a quorum call and the propounding of a unanimous-consent agreement?

Mr. MILLIKIN. I yield to the Senator.

Mr. KNOWLAND. I ask unanimous consent that the Senator from Colorado [Mr. MILLIKIN] may yield for that purpose without losing the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I send to the desk a proposed unanimous-consent agreement, which is presented on behalf of the majority leader and the minority leader.

The PRESIDING OFFICER. The Secretary will read the proposed unanimous-consent agreement.

The LEGISLATIVE CLERK. The proposed unanimous-consent agreement reads as follows:

Ordered, That during the further consideration of H. R. 9366, to amend the Social Security Act and the Internal Revenue Code, debate on any amendment or motion (including appeals) shall be limited to not exceeding 30 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the Senator from Colorado [Mr. MILLIKIN] in the event he is opposed to any such amendment or motion; otherwise, by the mover and the minority leader: *Provided,* That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further,* That debate upon the bill itself shall be limited to not exceeding 2 hours, to be equally divided and controlled, respectively, by the Senator from Colorado [Mr. MILLIKIN] and the Senator from Texas [Mr. JOHNSON].

The PRESIDING OFFICER. Is there objection to the unanimous-consent ment? The Chair hears none, and it is so ordered.

Mr. IVES. Mr. President, have the amendments offered by the Senator from Florida been agreed to?

The PRESIDING OFFICER. They have not yet been agreed to.

Mr. IVES. I should like to offer an amendment if they have been agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Florida.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. IVES. Mr. President, I call up my amendment 7–31–54–A, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new section, as follows:

SERVICE FOR CERTAIN EXEMPTION ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT

SEC. 403. In any case in which—

(a) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this act, by an organization which is exempt from income tax under section 101 (6) of the Internal Revenue Code of 1939 but which has failed to file prior to the enactment of this act a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939;

(b) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1955 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list;

(c) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

(d) part of such taxes have been paid prior to the enactment of this act;

(e) so much of such taxes as have been paid prior to the enactment of this act have been paid by such organization in good faith and upon the assumption that a waiver certificate had been filed by it under section 1426 (l) (1) of the Internal Revenue Code of 1939; and

(f) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations made under subchapter A of Chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939.

Mr. MILLIKIN. Mr. President, will the Senator from New York yield?

Mr. IVES. I yield to the Senator from Colorado.

Mr. MILLIKIN. I understand this is the precise amendment submitted to our staff?

Mr. IVES. This is the identical amendment.

Mr. MILLIKIN. So far as I am concerned—and I think the distinguished senior Senator from Georgia agrees with the amendment in principle—I am willing to take the amendment to conference.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. IVES. Mr. President, I ask unanimous consent to have inserted in the RECORD a statement concerning the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR IVES

This proposed amendment is designed to alleviate the serious problem confronting certain charitable institutions such as a nonprofit corporation, the North Shore Hospital, in my own State of New York. This amendment would provide that such an organization could file, retroactively to the year 1951, certain certificates required by the Bureau of Internal Revenue as evidence of their waiver of immunity from the social-security taxes imposed under the Federal Insurance Contributions Act, if the failure to file such certificates was merely a ministerial or clerical omission on the part of the organization and if part of the taxes imposed by the Internal Revenue Code have been paid in good faith prior to the enactment of the bill and no refund of such taxes has been obtained.

I am advised that the problem which this proposed amendment is designed to resolve has arisen with respect to several other similar institutions. In the North Shore Hospital case, the board of directors of the hospital directed that the necessary steps be taken for the corporation to waive its immunity to the taxes imposed by the Federal Insurance Contributions Act and to secure for all corporation employees coverage under the old-age and survivors insurance program, established under title II of the Social Security Act, as amended in January 1951. Moreover, the employees of the hospital at that time understood that the corporation had waived its immunity from the aforesaid tax and they concurred in their being covered by the insurance program. However, this concurrence was not reduced to writing on Internal Revenue Form SS–15 (a) solely by reason of the failure on the part of the then administrative officials of the hospital to secure their signatures on said form.

During the period from January 1, 1951, to October 1953, the officers, directors, and employees of the corporation assumed that the necessary documents had been filed and that the taxes deducted under the Federal Insurance Contributions Act were paid in accordance with that act.

When the hospital first learned that there was a question concerning the coverage of its employees in the fall of 1953, it continued to withhold the employees' tax, as well as the employers' tax, and deposited the amount so withheld in a special trust account. The hospital has made every effort to resolve this serious problem administratively, but has been unable to do so.

If this proposed amendment is not favorably considered, many employees of the hospital will lose wage credits over a period of about 3½ years and the hospital will have the enormous burden and expensive obligation of locating and making refunds to each individual with respect to whom the social-security tax had been paid over the period beginning on January 1, 1951, and ending on June 20, 1954. Moreover, I am advised that this loss of wage credits would mean for some employees the difference between their qualifying or not qualifying for benefits under the social-security program.

Therefore, I urge the adoption of this proposed amendment to H. R. 9366 to resolve the serious problem confronting the North Shore Hospital and other like institutions which may be similarily affected.

Mr. MORSE. Mr. President, I offer a series of amendments which are somewhat of the same nature as that offered by the distinguished senior Senator from New York [Mr. IVES]. Probably the principle is somewhat in reverse, but they also involve an injustice which should be corrected. I understand that the chairman of the committee is willing to take the amendments to conference. I ask that the amendments be read.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 7, line 13, it is proposed to strike out "or."

On page 7, it is proposed to strike out all on line 15 and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (l) (8) of the Internal Revenue Code to constitute remuneration for employment for the purposes of this subsection;".

On page 8, line 7, it is proposed to strike out "or."

On page 8, it is proposed to strike out all on line 9 and insert in lieu thereof the following: "such period began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (l) (8) of the Internal Revenue Code to constitute remuneration for employment for the purposes of this subsection."

On page 104, line 15, it is proposed to strike out "or."

On page 104, line 17, it is proposed to strike out "began;" and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (l) (8) to constitute remuneration for employment for the purposes of this subsection."

On page 105, line 8, it is proposed to strike out "or."

On page 105, line 10, it is proposed to strike out "began;" and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (l) (8) to constitute remuneration for employment for the purposes of this subsection."

On page 111, line 3, it is proposed to insert "(1)" after "(d)."

On page 111, between lines 10 and 11, it is proposed to insert the following:

(2) Section 1426 (1) is further amended by adding at the end thereof the following new paragraph:

"(8) Individuals who failed to sign list: Notwithstanding the foregoing provisions of this subsection, in any case in which—

"(A) an individual has been employed by an organization which has filed a certificate under this subsection waiving its exemption from income tax under section 101 (6);

"(B) the service performed by such individual during the time he was so employed would have constituted employment (as defined in sec. 210 of the Social Security Act and sec. 1426 (b)) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

"(C) the taxes imposed by sections 1400 and 1410 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service; and

"(D) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b)."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered the junior Senator from Oregon. Without objection, the amendments will be considered en bloc.

Mr. MILLIKIN. Mr. President, in view of the fact that the amendment offered by the Senator from Oregon would remedy the situation where employees through mistake or misunderstanding failed to sign the employer's waiver certificate required for coverage of employees of nonprofit organizations, I am willing to take the amendment to conference.

I am informed that the distinguished senior Senator from Georgia [Mr. GEORGE], who is also familiar with the matter, is of the same opinion.

Unfortunately, existing law does not authorize any official of the Government to correct honest mistakes which work to the detriment of individuals who believed they had been brought in under the system and for whom taxes have been withheld and paid by the employer. It may be necessary in conference to modify the express language in the amendment offered by the Senator from Oregon, but we shall endeavor to fulfill the objective of his amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the junior Senator from Oregon.

The amendments were agreed to.

Mr. MORSE. Mr. President, as an assistance to the committee of conference, I ask to have my statement in support of the amendments printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MORSE

This amendment is designed to furnish relief to a number of our elder citizens who have been deprived of benefits and exposed to economic hardship because of misunderstandings about the present law.

Prior to the Social Security Act amendments of 1950, services rendered for a nonprofit organization were not in covered employment. Under the provisions of the 1950 amendments nonprofit organizations were given an opportunity to qualify their employees for social-security coverage under the amended act. Section 210 (a) of the act reads in part, as follows:

"The term 'employment' means any services performed * * * by an employee for the person employing him * * * except that, in the case of services performed after 1950 such terms shall not include—

* * * * *

"(9) * * * (B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (1) of the Internal Revenue Code, is in effect if such service is performed by an employee (1) whose signature appears on the list filed by such organization after the calendar quarter in which the certificate was filed."

Pursuant to the above section, and with the intention of qualifying its employees for social-security coverage, the Emanuel Hospital of Portland, Oreg., a nonprofit organization, circulated a list to be signed by its employees in 1950.

At that time there were among the employees at Emanuel Hospital a Mrs. Hildur Peterson and a Hilda Peterson. When the hospital staff circulated the list of concurring employees required by section 210 (a) above, Hilda Peterson signed the list. A confusion of names resulted in the list not being submitted to Hildur Peterson for signature. Assuming, however, that Hildur Peterson had signed the list, deductions for old-age insurance were thereafter made from Mrs. Peterson's wages, and Mrs. Peterson in turn assumed that she was receiving social-security coverage.

Mrs. Peterson, who had been employed at Emanuel Hospital since 1945, terminated her employment in October 1952. In December of that year she applied for her social-security benefits. She was then informed that no wage credits would be given her for employment at the hospital because of her failure to sign the list, and that she would receive minimum benefits under the Social Security Act based on employment outside the hospital from 1937 to 1945.

Mrs. Peterson is now 72 years of age. She has been a widow for many years. She has supported and reared a fine family, but she was unable to set aside savings for her old age. Her son is now an overseas missionary, and she is being taken care of by her daughter, a person of very limited financial resources.

I am informed that there are probably 200 or more persons who have been denied social-security benefits in cases similar to that of Mrs. Peterson. The Treasury Department has advised me that representatives of that Department and the Department of Health, Education, and Welfare have been aware of many hardship cases and have discussed the problem at various times. Apparently no affirmative action has been taken to correct it.

The Treasury Department recently informed me of the case of an aged employee of an exempt organization who was confined in a hospital at the time the organization was circulating its list. When she returned to her employment she was informed that the signatures of the necessary two-thirds concurring employees had been obtained. She assumed that her signature was not required to qualify her individually for social-security coverage. Although in poor health, she continued to work for the organization for some time in the expectation of being able to build up enough wage credits to entitle her to benefits on retirement. When she terminated her employment and applied for benefits she was informed that she was not entitled to wage credits for her employment with the exempt organization because she had not signed the required list.

The distinguished Senator from Wyoming [Mr. BARRETT] has advised me that there has been referred to his office another case of hardship resulting from similar circumstances, and he is very much interested in the adoption of my amendment.

The purpose of my amendment is to give to the agency concerned the authority which it claims it lacks to authorize additions to or deletions from concurring lists in cases of excusable error, where taxes have been collected from a person who thereupon assumes that he or she is receiving social-security coverage.

On June 30, I submitted to the Committee on Finance a proposed amendment which the committee did not see fit to adopt. I have been advised that the reason that the committee did not favor my proposed amendment was that the amendment as submitted would have given the agency continuing authority to authorize additions to or deletions from lists, and apparently the committee did not wish to "open up" the present law to that extent.

The amendment which I have submitted today authorizes the addition to or deletion from lists only in the cases occurring subsequent to 1950 and prior to enactment of this act. This would take care of persons who have been subjected to hardship by misunderstandings in the past, but it does not "open up" the law for continuing authorization for the agency to make changes in lists in the future.

Most of the persons who would be helped by adoption of this amendment are in great need of financial assistance, and I feel that it is urgent that they receive as soon as possible the social security benefits to which I am sure all of the Members of the Senate will agree they are entitled.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Colorado [Mr. MILLIKIN] may yield briefly to the Senator from Rhode Island [Mr. GREEN] without losing his right to the floor.

Mr. MILLIKIN. I so request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

FREEDOM AND THE CONSTITUTION

Mr. GREEN. Mr. President, my attention has recently been drawn to a pamphlet entitled "American Security and Freedom," by Maurice J. Goldbloom, a former employee of the Mutual Security Administration. It deals with this broad subjct under a variety of heads—all of which are treated interestingly. I would like to give as a sample of the subject matter and its treatment an extract from Freedom and the Constitu-

tion, and hope it may stimulate a reading of the whole book. I have been interested in it, both because it deals with a fundamental problem which challenges our solution and because the sponsor, the American Jewish Committee, is worthy of respectful consideration.

This committee is probably well known to most of my colleagues. The distinguished senior Senator from New York [Mr. LEHMAN] is an honorary vice president of it. Another distinguished citizen of the State of New York and former justice of the appellate division there, Joseph M. Proskauer, is an honorary president of it.

Founded in 1906, the American Jewish Committee has chapters in 44 principal American cities and has members in more than 550 American communities. It is a pioneer American organization in protecting civil and religious rights of Jews and in combating bigotry and in advancing the cause of human rights. Its members form a cross section of American civic life. One of its vice presidents is the Honorable Fred Lazarus, of Cincinnati, a member of the President's Committee on Contract Compliance. Another is Jesse H. Steinhart, of San Francisco. Milton W. King, Esq., of Washington, D. C., is also a vice president, as is Mr. James H. Becker, of Chicago.

In the list of distinguished Americans who have been active in the work of the American Jewish Committee are such names as Oscar S. Straus, who was Secretary of Commerce and Labor in President Theodore Roosevelt's Cabinet; Jacob H. Schiff, the famous banker and philanthropist; Abram I. Elkus, a former Ambassador to Turkey; the famous American lawyer of 30 years ago, James Marshall. I may add the eminent theologian, Dr. Cyrus Adler, who was president of Dropsie College and also of the Jewish Theological Seminary of America. He was also a member of President Franklin D. Roosevelt's Committee for the Relief of Refugees From Nazi Persecution in Europe, which committee included leaders of the three major religious faiths in our country.

History has its own way of periodically completing its round. In 1906 the American-Jewish Committee was founded as a result of the unspeakable massacres of Jews in the Russian city of Kishinev. These pogroms prompted a group of American citizens of the Jewish faith to organize the committee to enlist this Government's interest in the cause of human rights the world over. As a result of representations made to it by the founders, the United States Government made strenuous representations to the Russian Government and succeeded in large measure in ameliorating the plight of Jews who lived in Russia.

Now, only a few weeks ago an American-Jewish Committee delegation, headed by its other honorary president, Mr. Jacob Blaustein, of Baltimore, met with the Honorable Robert Murphy, Deputy Under Secretary of State, to protest the secret trials of leaders of the Jewish communityin Rumania which were conducted by the Communists. Mr. Murphy issued a strong statement condemning these persecutions, continuing the long and honorable American tradition of mobilizing opinion against violations of human rights by the barbaric and medieval forces which still flourish in the Communist regimes in Russia and in its satellite countries.

Then too, paralleling its interest in human rights on the international scene, the American-Jewish Committee has long been interested in problems of American security and individual freedom. It felt that recent events indicate the desirability of placing before the public a serious examination of facts which bear on them, and as a result it sponsored this publication entitled "American Security and Freedom."

The study comprises an 84-page report based on a 2 year evaluation of security problems in the United States. It assesses various proposals dealing with wiretapping, use of the fifth amendment, congressional investigations, teachers, and communism, and loyalty and security in government and private employment.

The study very clearly asserts the grave threat of communism to the free world and its special internal danger to the United States and warns that "espionage is an essential function of all Communist movements at all times." It points out that the Communist Party in America is more than a political party—it is "a conspiracy to commit illegal acts in the interest of Soviet Russia."

The study makes a variety of recommendations, which it offers for consideration by all Americans. The President of the American Jewish Committee, Mr. Irving M. Engel, of New York City, points out in a foreword that the report deals with many questions on which the organization itself has taken no official position. Nevertheless because of the "very real danger that dissent today may be confused with treason—a situation not only unfavorable to dissent, but favorable to reason," as Mr. Engel states it, the American Jewish Committee decided to sponsor the study as a contribution to laying the basis for a sound program suited to the needs of the situation in which our Nation finds itself today.

I am sorry that the study is too lengthy to permit inclusion in its entirety in the RECORD, and I will conclude my remarks by including the short opening chapter entitled "Freedom in the Constitution."

Mr. President, I ask unanimous consent to have the pamphlet entitled "Freedom in the Constitution" printed at this point in the body of the RECORD.

There being no objection, the pamphlet was ordered to be printed in the RECORD, as follows:

FREEDOM IN THE CONSTITUTION

The United States today faces a world totalitarian movement, committed to the destruction of liberty everywhere. To meet the threat of this movement and its adherents in our own country, without at the same time sacrificing the basic principles on which our Nation rests, is not easy. Error in one direction might lay this country open to destruction or enslavement; error in the other could result in undermining the very freedom we seek to defend. But the problem can and must be solved if the free world is to survive.

To its own people and to the world the United States has from its inception embodied the idea of freedom. Like all ideals, this one has never been fully realized in practice, and at times it has suffered serious abridgments. But because it has always remained a vital and dynamic force, living not only in phrases and institutions but in the spirit of a people, it has triumphed over temporary setbacks and gone on to achieve new meaning and new dimensions.

Those who came to America did so for many reasons—religious, political, and economic. But the great majority came in search of a freedom greater than any they had previously known. It was not their intention to permit the reconstitution on this continent of the tyrannies from which they had fled. In the Constitution as originally adopted, and in the first 10 amendments which constitute the Bill of Rights, they hedged the power of the Federal Government around with safeguards against the recurrence in this country of forms of oppression which had developed in others. The various State constitutions imposed similar limitations on the powers of the States. And the 14th amendment made many of the constitutional provisions, by which the citizen was already protected against arbitrary acts of the Federal authorities, applicable to State action as well.

THE CONSTITUTIONAL GUARANTIES

Although we tend to think of our constitutional guaranties of freedom as being embodied in the Bill of Rights, the Constitution as it was first adopted contained many protections against the perversion of judicial process, or its replacement by acts of executive or legislative tyranny. To prevent the executive from holding men in prison without trial, it forbade the suspension of the writ of habeas corpus except in time of rebellion or invasion. It barred Congress from substituting legislative punishment for judicial trial, as the British Parliament had sometimes done in political cases through bills of attainder and impeachment. The first of these, a legislative imposition of punishment without trial, it outlawed completely. The second, a quasijudicial procedure in which the legislature itself sits as a court, was retained, but the penalties which could be inflicted by means of it were limited to removal from public office and ineligibility to hold such office in the future.

To make the judiciary independent of the other branches of government, the Constitution provided that judges were to hold office during good behavior—that is, for life unless removed by impeachment for cause—and that their salaries were not to be reduced during their terms of office. Thus a judge's decision could not be influenced by a threat that his pay would be cut or that he would be ousted from office. At the same time, the Constitution guarded against judicial tyranny by guaranteeing the right of trial by jury in all criminal cases. To prevent the Government from dragging defendants to distant parts of the country, it provided that trials must take place where the crimes had been committed.

Because the charge of treason had been a favorite method for disposing of political opponents in England and elsewhere, the Constitution provided: "Treason against the United States shall consist only in levying war against them, or in adhering to their enemies, giving them aid and comfort"; further, it provided that no person might be convicted of treason except on the testimony of two witnesses to the same overt act or on confession in open court.

Some of these provisions have been modified in practice by other provisions of the Constitution or by judicial interpretation of it. Thus Jefferson removed the Federalist

"midnight judges," appointed by Adams just before leaving office, by putting through Congress a law abolishing the courts in which they served. Since the courts have held that the Constitution does not necessarily follow the flag, the Federal judges in territories outside the continental United States are appointed for fixed terms rather than during "good behavior"—a fact which in one recent case made possible a move to penalize a judge in Hawaii for reducing the bail of some Communist defendants. The 14th amendment included an ex post facto provision banning from office those persons who, having taken an oath of office to uphold the Constitution, had participated in rebellion. And there is a twilight zone of unclear meaning; thus Lincoln suspended the writ of habeas corpus during the Civil War but the Supreme Court disputed his right to do so. There is still no certainty as to where the power to suspend the writ legally rests.

The first 10 amendments and the 13th and 14th amendments added many more guaranties to the Constitution. Some of these are quite sweeping in language and have never been given their fullest possible meaning; some are so general in their terminology that their full implications are still being explored. The courts have had to extend them by analogy to situations which did not exist at the time the Constitution was written.

Even the great guaranties of the first amendment were never applied in their full and literal meaning. The guaranty of freedom of religion did not protect the practice of polygamy by those whose religion required it; indeed, Utah was not admitted to the Union until the Mormon Church abandoned that tenet. The guaranties of freedom of speech and press, while they have been held to prevent prior restraint of libel through precensorship or injunction, have never been regarded as preventing its punishment.

Beyond this, however, there has always been a great deal of uncertainty. The Sedition Act of 1798, for instance, was passed by a Congress many of whose Members had been among those who voted for the first 10 amendments. That they voted for the Sedition Act would seem to indicate that they considered it constitutional, but this was sharply disputed by Jefferson and Madison. The issue was never finally decided; the act was limited to a term of 2 years, and most of the cases initiated under it were still before the courts when Jefferson became President and stopped all prosecutions for its violation.

Under the Espionage Act, passed during the First World War, severe restrictions were imposed on freedom of speech and of the press. For uttering and publishing statements which purportedly discouraged recruiting, Eugene Debs and other leading Socialists were sent to prison. The Supreme Court upheld their convictions on the "clear and present danger" rationale formulated by Justice Oliver Wendell Holmes, who declared that free speech does not protect the right to shout "fire!" in a crowded theater. It is interesting that this doctrine, now regarded by many as restricting the Government too closely in dealing with subversive activities, was first enunciated in opinions upholding convictions in cases where, in retrospect, it hardly seems that any genuine danger existed.

The procedural guaranties of the Bill of Rights would seem to be easier to apply literally than the general prohibitions of the first amendment. But even here there were difficulties, especially as some of these procedural guaranties were stated in very vague language indeed. Thus the provision that "excessive bail shall not be required, nor excessive fines imposed" has meant as much—or as little—as the courts have desired.

The provision that "no person shall be compelled in any criminal case to be a witness against himself" has been extended to permit a person to refuse to give evidence before a congressional committee on the ground that it might tend to incriminate him. And, finally, there is the broad question of the extent to which the Bill of Rights is binding on the States. Not until well over a century after the Bill of Rights was added to the Constitution did the Supreme Court squarely decide that some amendments apply to State action as well as to acts of the Federal Government. That decision was predicated upon a fresh interpretation of the meaning of the 14th amendment. But even today not all of the first 10 amendments are deemed thus effective.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GREEN. I yield.

Mr. LEHMAN. I commend the distinguished Senator from Rhode Island for placing in the RECORD excerpts from the very fine report on the subject of security and liberty, published by an organization of which I am very proud to be an honorary officer.

Mr. GREEN. I am very happy to be able to do so.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. HILL. Mr. President, I wish to call the attention of the Senator from Colorado to a letter dated August 12, 1954, which I have received from the Department of Health, Education, and Welfare, signed by Hon. Oveta Culp Hobby, Secretary, in which she states her opinion with reference to the rehabilitation provision of H. R. 9366, as follows:

At the time the administration's bill on social security was introduced, I publicly stated that in order to qualify for the "disability freeze" provisions of the bill a person would not be required to accept rehabilitation services. I have reiterated this statement on several occasions.

However, in view of the question raised in your letter I have had the General Counsel of this Department again review section 106 and he informs me that there is no provision in the bill that would grant authority to the Secretary to deny the "disability freeze" to persons who refused rehabilitation services.

The purport of the remainder of the letter conforms with the two statements I have just read.

I desire to ask the chairman of the committee, the distinguished Senator from Colorado [Mr. MILLIKIN], if his views are in accord with the views stated by Secretary Hobby in the letter to which I have just referred.

Mr. MILLIKIN. I am glad to say that I am in compete accord with what Secretary Hobby has written to the distinguished Senator from Alabama in the letter from which he has read.

Mr. HILL. I thank the Senator from Colorado.

Mr. President, I ask unanimous consent to have the entire letter printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE,
Washington, August 12, 1954.

Hon. LISTER HILL,
United States Senate.

DEAR SENATOR HILL: This is in reply to your letter of August 5, 1954, requesting a statement on the Department's position with respect to whether the Secretary could require an individual to accept rehabilitation services under the authority of section 106 of H. R. 9366 providing for the preservation of insurance rights of disabled individuals.

At the time the administration's bill on social security was introduced, I publicly stated that in order to qualify for the "disability freeze" provisions of the bill a person would not be required to accept rehabilitation services. I have reiterated this statement on several occasions.

However, in view of the question raised in your letter I have had the General Counsel of this Department again review section 106 and he informs me that there is no provision in the bill that would grant authority to the Secretary to deny the "disability freeze" to persons who refused rehabilitation services. The only specific provision in the bill dealing with rehabilitation is the proposed new section 222 of the Social Security Act, entitled "Referral for Rehabilitation Services," which declares it to be the policy of the Congress that disabled individuals applying for a determination of disability shall be promptly referred to rehabilitation agencies for necessary rehabilitation services to the end that the maximum number may be restored to productive activity. This provision is intended to afford individuals the opportunity to be considered for services under the Vocational Rehabilitation Act; the failure to accept such a referral, would not of itself authorize this Department to find that the individual was not under a disability.

Aside from this specific provision, there is a general provision in the bill (the proposed new section 216 (i) of the Social Security Act) which provides that "An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required." The General Counsel has also considered whether this provision could be interpreted to require an individual to accept rehabilitation services. He assures me that this provision would not have the effect of making an individual's acceptance of rehabilitation services a condition to a finding that he is under a disability.

With regard to the general problem of rehabilitation in disability determinations, the Committee on Finance in its report to accompany H. R. 9366 (S. Rept. No. 1987) has stated:

"There are two aspects of disability evaluation: (1) There must be a medically determinable impairment of serious proportions which is expected to be of a long-continued and indefinite duration or to result in death, and (2) there must be a present inability to engage in substantial gainful work by reason of such impairment (recognizing, of course, that efforts toward rehabilitation will not be considered to interrupt a period of disability until the restoration of the individual to gainful activity is an accomplished fact * * *" (p. 21).

Under the bill, therefore, whether an individual is under a disability as defined in the bill would be a question of fact. If he were suffering from an impairment of such severity as to be totally disabling for any substantially gainful work, the mere possibility that he may be offered rehabilitation services and that the successful conclusion of a course of such services might restore him to gainful activity would not preclude a present finding of disability. Therefore, if he meets the other conditions of eligibility specified in the disability provisions in section 106, his rights under title II of the act would be preserved.

Sincerely yours,

OVETA CULP HOBBY.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LEHMAN. Mr. President, I call up my amendment 8–3–54–A. I waive the reading of the amendment.

The VICE PRESIDENT. Without objection the amendment in the nature of a substitute offered by the Senator from New York will be printed in the RECORD.

The amendment in the nature of a substitute offered by Mr. LEHMAN was to strike out all after the enacting clause and insert the following:

That this act may be cited as the "Social Security Amendments of 1954."

STATEMENT OF PURPOSE

SEC. 2. The Congress hereby finds and declares that, to promote the general welfare of the people of the United States, measures are needed to expand and improve the national social insurance program so that it will—

(1) permit all gainfully occupied individuals to maintain their self-reliance and self-respect and build up their future security through benefits based on their own contributions and those of their employers;

(2) provide benefit amounts reasonably related to the wage or self-employment income that had determined an individual's standard of living, and to the current wage levels prevailing throughout the Nation;

(3) acknowledge individual effort, skill, and responsibility by the payment of variable benefit amounts related to past earnings, years of contributions, and the number of persons dependent on the individual's earnings;

(4) spread the risk of income loss arising from sickness and disability, as well as from old age and death, that the occurrence of these events may not impose an overwhelming burden on the families affected; and

(5) reduce the number of cases in which individuals or their families must resort to public assistance.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

EXTENSION OF COVERAGE

DOMESTIC SERVICE, SERVICE NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5)."

(2) Section 209 (g) of such act is amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in section 210 (f) (5)."

(3) Section 209 (h) of such act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer is any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50."

(4) Section 210 (a) (1) of such act is amended to read as follows:

"(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;

"(B) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended."

(5) Section 210 (a) of such act is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such act, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(6) The second sentence of section 218 (c) (5) of such act is amended by inserting before the period at the end thereof "and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h)."

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer."

CERTAIN FEDERAL EMPLOYEES

(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed", and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii); and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard."

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority)."

(3) Section 205 (p) (3) of such act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

MINISTERS

(d) (1) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, education, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (l) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began."

(2) Section 211 (c) of such act is amended by striking out paragraph (4).

(3) Nothing in subsection (a) of section 210 of the Social Security Act, as amended by this act, or in subsections (b) and (l) of section 1426 of the Internal Revenue Code, as so amended, shall be construed to mean that any minister is an employee of an organization for any purpose other than the purposes of such sections.

FISHING AND RELATED SERVICE

(e) Section 210 (a) of the Social Security Act is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such act, as paragraphs (14) and (15), respectively.

HOMEWORKERS

(f) Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed."

FARMERS AND PROFESSIONAL SELF-EMPLOYED

(g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 percent of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross recepits from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer."

(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber or the disposal of timber or coal."

(4) Section 211 (c) of such act is amended by striking out paragraph (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

COAL ROYALTIES

(h) Paragraph (4) of section 211 (a) of the Social Security Act is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal."

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

(i) (1) (A) Section 218 (d) of such act is amended by striking out "Exclusion of" in heading, by inserting "(1)" after "(d)", and by adding at the end thereof the following sentence: "The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system."

(B) Such section 218 (d) is amended by striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A))."

(2) Such section 218 (d) is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

"(C) Not less than ninety days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

"(E) A majority of the eligible employees voted in such referendum; and

"(F) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.

An employee shall be deemed an 'eligible employee' for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an 'eligible employee' if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the 2-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than 1 year after the last previous referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreements already applied on such date);

"(B) all employees in positions which became covered by such system at any time after such date; and

"(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

"(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

"(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned. If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall, if the State so desires, be deemed to be a separate retire-

ment system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term "institutions of higher learning' includes junior colleges and teachers' colleges."

(3) Paragraph (3) of section 218 (c) is amended to read as follows:

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following:

"(A) Any service of an emergency nature;

"(B) All services in any class or classes of (i) elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis;

"(C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services in such positions have not already been included under such agreement pursuant to subsection (d) (3)."

(4) Paragraph (4) of such section 218 (c) is amended by adding at the end thereof the following new sentence: "A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3)."

(5) Such section 218 (c) is further amended by adding at the end thereof the following new paragraph:

"(7) No agreement may be made applicable (either in the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State."

(6) Section 218 (f) of such act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

(7) Section 218 (m) (1) of such act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)."

(8) Section 218 of such act is further amended by adding at the end thereof the following new subsection:

"CERTAIN POSITIONS NO LONGER COVERED BY RETIREMENT SYSTEMS

"(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof as may be appropriate, taken prior to the date of the enactment of this subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services."

(9) The amendments made by this subsection, other than paragraph (1) (B), shall take effect January 1, 1955.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS AND CERTAIN STATE INSPECTORS

(j) (1) Effective as of January 1, 1951, paragraph (5) of section 218 (b) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Civilian employees of National Guard units of a State who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(2) Effective January 1, 1955, such paragraph is further amended by adding after the sentence added by paragraph (1) of this subsection the following new sentence: "For purposes of this section, individuals employed pursuant to an agreement, entered into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624) or section 14 of the Perishable Agricultural Commodities Act, 1930 (7 U. S. C. 499n), between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products may be deemed, at the option of the State, to be employees of the State and (not withstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(3) In the case of any coverage group to which the amendment made by paragraph (1) is applicable, any agreement or modification of an agreement agreed to prior to January 1, 1956, may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to services performed by employees as members of such coverage group after any effective date specified therein, but in no case may such effective date be earlier than December 31, 1950.

Certain employees of the State of Utah

(k) Effective as of January 1, 1951, section 218 of the Social Security Act is amended by adding after subsection (n) (added by subsection (g) (8) of this section) the following new subsection:

"Certain Employees of the State of Utah

"(o) Notwithstanding the provisions of subsection (d), the agreement with the State of Utah entered into pursuant to this section may be modified pursuant to subsection (c) (4) so as to apply to services performed for any of the following, the employees performing services for each of which shall constitute a separate coverage group: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Training School, State Board of Education, and Utah School Employees Retirement Board. Any modification agreed to prior to January 1, 1955, may be made effective with respect to services performed by employees as members of any of such coverage groups after an effective date specified therein, except that in no case may any such date be earlier than December 31, 1950."

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

(l) (1) In the case of any services performed prior to 1955 to which an agreement under section 218 of the Social Security Act was made applicable, deductions which—

(A) were not imposed under section 203 of such act with respect to such services performed prior to the date the agreement was agreed to or, if the original agreement was not applicable to such services, performed prior to the date the modification making such agreement applicable to such services was agreed to, and

(B) would have been imposed under such section 203 had such agreement, or modification, as the case may be, been agreed to on the date it became effective, shall be deemed to have been imposed, but only for purposes of section 215 (f) (2) (A) or section 215 (f) (4) (A) of such act as in effect prior to the enactment of this act. An individual with respect to whose services the preceding sentence is applicable, or in the case of his death, his survivors entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income, shall be entitled to a recomputation of his primary insurance amount under such section 215 (f) (2) (A) or section 215 (f) (4) (A), as the case may be, if the conditions specified therein are met and if, with respect to a recomputation under such section 215 (f) (2) (A), such individual files the application referred to in such section after August 1954 and prior to January 1956 or, with respect to a recomputation under such section 215 (f) (4) (A), such individual died prior to January 1956 and any of such survivors entitled to monthly benefits files an application, in addition to the application filed for such monthly benefits, for a recomputation under such section 215 (f) (4) (A).

(2) For purposes of a recomputation made by reason of paragraph (1) of this subsection, the primary insurance amount of the individual who performed the services referred to in such paragraph shall be computed under subsection (a) (2) of section 215 of the Social Security Act, as amended by this act (but, for such purposes, without application of subsection (d) (4) of such section, as in effect prior to the enactment of this act or as amended by this act) and as though he became entitled to old-age insurance benefits in whichever of the following months yields the highest primary insurance amount:

(A) the month following the last month for which deductions are deemed, pursuant to paragraph (1) of this subsection, to have been made; or

(B) the first month after the month determined under subparagraph (A) (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under section 203 (b) of such act; or

(C) the first month after the last month (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were subject to deductions under section 203 (b) of such act; or

(D) the month in which such individual filed his application for recomputation referred to in paragraph (1) of this subsection or, if he died without filing such application and prior to January 1, 1956, the month in

which he died, and in any such case (but, if the individual is deceased, only if death occurred after August 1954) the amendments made by subsections (b) (1), (e) (1) and (e) (3) (B) of section 102 of this act shall be applicable.

Such recomputation shall be effective for and after the month in which the application required by paragraph (1) of this subsection is filed. The provisions of this subsection shall not be applicable in the case of any individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act on the basis of an application filed prior to September 1954.

(3) If any recomputation under section 215 (f) of the Social Security Act is made by reason of deductions deemed pursuant to paragraph (1) of this subsection to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of the benefits based on such wages and self-employment income for months for which such deductions are so deemed to have been imposed shall be recovered by making, in addition to any other deductions under section 203 of such act, deductions from any increase in benefits, based on such wages and self-employment income, resulting from such recomputation.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

(m) Clause (B) of so much of section 210 (a) of the Social Security Act as precedes paragraph (1) thereof is amended to read as follows: "(B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 3121 (l) of the Internal Revenue Code of 1954) of a domestic corporation (as determined in accordance with section 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement, entered into pursuant to section 3121 (e) of the Internal Revenue Code of 1954, with respect to such subsidiary;".

SERVICE IN THE UNIFORMED SERVICES

(n) The term "employment" shall, notwithstanding the provisions of subsection (a) of this section, include service performed by an individual as an employee of the United States, if such service is performed by him after 1954 as a member of any of the uniformed services of the United States on active duty or active duty for training; but such term shall not include any such service which is (1) performed pursuant to a call or order to active duty, or active duty for training, which specified a period of less than 30 days, or (2) performed by a commissioned officer of the Public Health Service during a period during which he is both on detail pursuant to subsection (b) of section 214 of the Public Health Service Act (42 U. S. C. 215) and on leave without pay pursuant to subsection (d) of such section, or (3) performed by a commissioned officer in the Reserve Corps of the Public Health Service and is covered by the Civil Service Retirement Act of 1930.

MEMBER OF UNIFORMED SERVICES

(o) The term "member" in the phrase "member of any of the uniformed services" and the term "uniformed services" shall have the meanings assigned to such terms by section 102 of the Career Compensation Act of 1949 (37 U. S. C. 231).

AMENDMENTS TO PROVISIONS RELATING TO CREDIT FOR WORLD WAR II AND LATER SERVICE

(p) (1) Clause (B) of section 217 (e) (1) of such act is amended by striking out "(other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments)" and inserting in lieu thereof "(other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments and other than a benefit payable in a lump sum unless it is a Readjustment Assistance Act of 1952)."

(2) Clause (B) of subsection (a) (1) of section 217 of such act and clause (B) of subsection (e) (1) of such section are each amended by striking out "(other than the Veterans' Administration)" and inserting in lieu thereof "(other than the Veterans' Administration and, in the case of an individual who performs service in employment as defined in subsection (m) of section 210, other than any of the uniformed services)."

(3) So much of subsection (a) (1) of section 217 of such act as follows clause (B) thereof and so much of subsection (e) (1) of such section as follows clause (B) thereof are each amended by striking out "$0.50" and inserting in lieu thereof "$1.00."

(4) The amendments made by paragraphs (1) and (3) of this subsection shall be applicable only in the case of applications for lump-sum death payments and for monthly benefits under section 202 of the Social Security Act filed after December 1953.

SPECIAL INSURED STATUS FOR SERVICEMEN WITHOUT PRIOR INSURED COVERAGE

(q) Section 214 of the Social Security Act is amended by adding after subsection (b) the following new subsection:

"SPECIAL INSURED STATUS FOR SERVICEMEN

"(c) (1) Any individual who dies after December 1953 while on active duty or active duty for training as a member of a uniformed service (except an individual whose services are excluded from the term 'employment' by section 210 (m)) shall be deemed to have died a fully and currently insured individual.

"(2) There are hereby authorized to be appropriated to the trust fund from time to time, as benefits under this title become payable by reason of paragraph (1) such sums as the Secretary estimates to be necessary to meet the additional costs, resulting from paragraph (1), of such benefits (including lump-sum death payments). Such estimates shall be arrived at through the use of appropriate accounting, statistical, sampling, or other methods."

EFFECTIVE DATES

(r) The amendment made by subsection (h) shall be applicable only with respect to taxable years beginning after 1950. The amendments made by (c) shall, except for purposes of section 203 of the Social Security Act, be applicable only with respect to taxable years ending after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4), (5), and (6) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. The other amendments made by this section (other than the amendments made by subsections (i), (j), (k), and (m)) shall be applicable only with respect to services performed after 1954. For purposes of section 203 of the Social Security Act, the amendments made by paragraphs (1), (2), and (4) of subsection (g) and by paragraph (2) of subsection (d) shall be effective with respect to net earnings from self-employment derived after 1954. The amount of net earnings from self-employment derived during any taxable year ending in, and not with the close of, 1955 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, net earnings from self-employment so credited to calendar quarters in 1955 shall be deemed to have been derived after 1954.

INCREASE IN BENEFIT AMOUNTS

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"PRIMARY INSURANCE AMOUNT

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after August 1954, or who dies after such month and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) (i) Fifty-five percent of the first $110 of his average monthly wage, plus 20 percent of the next $390, plus (ii) one-half of 1 percent of the amount computed under clause (i) multiplied by the number of his years of coverage after his starting date (determined under subsection (b) (2)) and prior to the year in which he filed his application with respect to which the computation is being made, or, if he has died, the year in which he died; or

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraphs (1), (2), and (3) of subsection (b) of such section are amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the product obtained by multiplying his average earnings by his regularity-of-service factor. An individual's 'average earnings' means—

"(A) in the case of an individual who has more than 14 years of coverage after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), the quotient obtained by dividing (i) the total of his wages and self-employment income in the 10 consecutive years of coverage, occurring between such dates, during which such total was the largest, by (ii) 120, not counting in determining an individual's consecutive years of coverage, any year which was not a year of coverage;

"(B) in the case of an individual who has less than 15 years of coverage after his starting date and prior to his closing date, the quotient obtained by dividing (i) the total of his wages and his self-employment income after his starting date and prior to his closing date, by (ii) 120 or, if smaller, the number of months elapsing after his starting date and prior to his closing date (excluding from such elapsed months any month in any year prior to the year in which he attained the age of 22 if less than 2 quarters of such prior year were quarters of coverage), except that when the number of such elapsed months thus computed (including a computation after the application of paragraph (4)) is less than 18, it shall be increased to 18.

An individual's regularity-of-service factor is the quotient obtained by dividing—

"(C) ten, or the number of his years of coverage after his starting date and prior to his closing date, whichever is larger, by

"(D) the number of years elapsing after his starting date and prior to his closing

date, excluding the years 1951 to 1954, both inclusive, except that, if the quotient thereby obtained is greater than 1, it shall be reduced to 1, and except that, if an individual's closing date occurred prior to the year in which he attained (or would, but for his death prior thereto, have attained) the age of 23, such quotient shall be 1.

'A year of coverage' means a calendar year in which the sum of the wages paid to an individual and his self-employment income credited to such year is not less than $200.

"(2) An individual's 'starting date' shall be—

"(A) December 31, 1950, or

"(B) if later, the last day of the year in which he attains the age of 21,

whichever results in the higher primary insurance amount.

"(3) An individual's 'closing date' shall be whichever of the following results in the higher primary insurance amount:

"(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

"(B) the first day of the first year in which he both was fully insured and had attained retirement age;

except that if the Secretary determines, on the basis of the evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher primary insurance amount for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A)."

(2) Paragraph (4) of such subsection (b) is amended to read as follows:

"(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average earnings under paragraph (1) (B). The maximum number of calendar years determined under the first sentence of this paragraph shall be 5 instead of 4 in the case of any individual who has not less than 20 quarters of coverage."

(c) Subsection (c) of such section is amended to read as follows:

"DETERMINATIONS MADE BY USE OF THE CONVERSION TABLE

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I "If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d)) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$35.00	$55.00
$11	27.00	36.00	58.00
$12	29.00	37.00	62.00
$13	31.00	38.00	65.00
$14	33.00	39.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.60	130.00
$30	60.80	66.30	139.00
$31	62.00	68.20	147.00
$32	63.30	70.00	155.00
$33	64.40	71.70	163.00
$34	65.50	73.30	170.00
$35	66.60	74.90	177.00
$36	67.80	76.50	185.00
$37	68.90	78.10	193.00
$38	70.00	79.70	200.00
$39	71.00	81.30	207.00
$40	72.00	82.70	213.00
$41	73.10	84.20	221.00
$42	74.10	85.60	227.00
$43	75.10	87.10	234.00
$44	76.10	88.50	241.00
$45	77.10	89.80	250.00
$46	77.10	89.80	250.00
	77.20	89.80	250.00
	77.30	89.80	250.00
	77.40	89.90	250.00
	77.50	89.90	250.00
	78.00	91.10	253.00
	79.00	92.40	260.00
	80.10	93.70	267.00
	81.00	94.90	273.00
	82.00	96.00	280.00
	83.10	97.10	287.00
	84.00	98.00	293.00
	85.00	99.00	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $8 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954.

"(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this paragraph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than $77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $8 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is 1 cent or 2 cents more or less than its actual amount.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount for Purposes of Conversion Table."

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits."

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age 22 after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage)" after "individual."

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this act, the following new paragraph:

"(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and

106 of the social security amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability), shall, to the extent provided by such sections, be applicable to such computation."

(e) (1) Section 215 (e) of such act is amended by striking out "and" at the end of paragraph (1), by changing the period at the end of paragraph (2) to a semicolon, and by adding after such paragraph (2) the following new paragraph:

"(3) if an individual's closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) (C); and."

(2) Section 215 (f) (2) of such act is amended to read as follows:

"(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—

"(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,

"(ii) he has wages and self-employment income of more than $1,200 in a calendar year which occurs after 1953 (not taking into account any year prior to the calendar year in which the last previous recomputation, if any, of his primary insurance amount was effective) and after the year in which he became (without the application of section 202 (j) (1) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) (B) or 102 (f) (2) (B) of the social security amendments of 1954, whichever of such events is the latest, and

"(iii) he filed such application no earlier than 6 months after such calendar year referred to in clause (ii) in which he had such wages and self-employment income.

Such recomputation shall be effective for and after the 12th month before the month in which he filed such application for recomputation but in no event earlier than the month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual's self-employment income shall be allocated to calendar quarters in accordance with section 212.

"(B) A recomputation pursuant to subparagraph (A) shall be made as provided in subsection (a) of this section and as though the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, but only if the provisions of subsection (b) (4) were not applicable to the last previous computation of his primary insurance amount. If the provisions of subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable."

(3) (A) Section 215 (f) (3) of such act is amended to read as follows:

"(3) (A) Upon application by an individual—

"(i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after August 1954, or

"(ii) whose primary insurance amount was recomputed under section 102 (e) (5) or 102 (f) (2) (B) of the social security amendments of 1954, or

"(iii) whose primary insurance amount was recomputed as provided in the first sentence of paragraph (2) (B) of this subsection on the basis of an application filed after August 1954,

the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomptuation under this subparagraph shall be made in the manner provided in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the 24th month before the month in which the application for such recomputation is filed. In the case of an individual who dies after August 1954—

"(i) who, at the time of death, was not entitled to old-age insurance benefits under section 202 (a), or who became entitled to old-age insurance benefits under section 202 (a) after August 1954, or whose primary insurance amount was recomputed under paragraph (2) or (4) of this subsection, or section 102 (e) (5) or section 102 (f) (2) (B) of the Social Security Amendments of 1954, on the basis of an application filed after August 1954; and

"(ii) with respect to whom the last previous computation or recomputation of his primary insurance amount was based upon a closing date determined under subparagraph (A) or (B) of subsection (b) (3) of this section,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the day following the year of death in case he died without becoming entitled to old-age insurance benefits, or, in case he was entitled to old-age insurance benefits, the day following the year in which was filed the application for the last previous computation of his primary insurance amount or in which the individual died, whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the 24th month before the month in which the application for such recomputation is filed."

(B) Such section 215 (f) (3) is further amended by adding after subparagraph (B) (added by subparagraph (A) of this paragraph) the following new subparagraph:

"(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount after the close of such taxable year, taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits."

(4) Section 215 (f) (4) of such act is amended to read as follows:

"(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if—

"(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or

"(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) (A) in the month in which he died, except that such recomputation shall include any compensation (described in sec. 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in sec. 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made."

(5) (A) In the case of any individual who, upon filing application therefor before September 1954, would (but for the provisions of sec. 215 (f) (6) of the Social Security Act) have been entitled to a recomputation under subparagraph (A) or (B) of section 215 (f) (2) of such act as in effect prior to the enactment of this act, the Secretary shall recompute such individual's primary insurance amount, but only if he files an application therefor or, in case he died before filing such application, an application for monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income is filed. Such recomputation shall be made only as provided in subsection (a) (2) of section 215 of the Social Security Act, as amended by this act, through the use of a primary insurance amount determined under subsection (d) (6) of such section in the same manner as for an individual to whom subsection (a) (1) of such section, as in effect prior to the enactment of this act, is applicable; and such recomputation shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) of the Social Security Act if the month in which the application for recomputation is filed, or if the individual died without filing the application for recomputation, the month in which he died,

were deemed to be the month in which he became entitled to old-age insurance benefits. In the case of monthly benefits, such recomputation shall be effective for and after the month in which such application for recomputation is filed or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivor benefits becomes entitled to such benefits.

(B) In the case of—

(i) any individual who is entitled to a recomputation under subparagraph (A) of section 215 (f) (2) of the Social Security Act as in effect prior to the enactment of this act on the basis of an application filed after August 1954, or who died after such month leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or with respect to whom the twelfth month referred to in such subparagraph (A) occurred after such month, and

(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act as in effect prior to the enactment of this act on the basis of an application filed after August 1954, or who died after August 1954 leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or who did not attain the age of 75 prior to September 1954,

the recomputation of his primary insurance amount shall be made in the manner provided in section 215 of the Social Security Act, as amended by this act, for computation of such amount, except that his closing date, for purposes of subsection (b) of such section 215, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he has died, in the month in which he died. In the case of monthly benefits, such recomputation shall be effective for and after the month in which such application for recomputation is filed or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivors benefits becomes entitled to such benefits. An individual or, in case of his death, his survivors entitled to a lump-sum death payment or to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income shall be entitled to a recomputation of his primary insurance amount under section 215 (f) (2) or section 215 (f) (4) of the Social Security Act as in effect prior to the date of enactment of this act only if (i) he had not less than six quarters of coverage in the period after 1950 and prior to January 1, 1955, and (ii) either the twelfth month referred to in subparagraph (A) of such section 215 (f) (2) occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (iii) he meets the other conditions of entitlement to such a recomputation. No individual shall be entitled to a recomputation under subparagraph (A) or (B) of this paragraph if his primary insurance amount has previously been recomputed under either of such subparagraphs.

(6) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1956 and with respect to whom not less than six of the quarters elapsing after 1954 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his primary insurance amount shall be computed under section 215 (a) (1) (A) of such act, as amended by this act, with a starting date of December 31, 1954, and a closing date of July 1, 1956, but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1956, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1956, closing date, the total of his wages and self-employment income after December 31, 1955, shall, if it is in excess of $2,100, be reduced to such amount.

(7) Section 203 (a) of such act is amended to read as follows:

"(a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 percent of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 percent of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 percent of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(8) In the case of an individual who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or died prior to September 1954, the provisions of section 215 (f) (3) as in effect prior to the enactment of this act shall be applicable as though this act had not been enacted.

(f) (1) The amendments made by the preceding subsections, other than subsection (b) and paragraphs (1), (2), (3), and (4) of subsection (e), shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after August 1954.

(2) (A) The amendment made by subsection (b) (2) shall be applicable only in the case of monthly benefits for months after August 1954, and the lump-sum death payment in the case of death after August 1954, based on the wages and self-employment income of an individual (i) who does not become eligible for benefits under section 202 (a) of the Social Security Act until after August 1954, or (ii) who dies after August 1954 and without becoming eligible for benefits under such section 202 (a), or (iii) who is or has been entitled to have his primary insurance amount recomputed under section 215 (f) (2) of the Social Security Act, as amended by subsection (e) (2) of this section, or under subsection (e) (5) (B) of this section, or (iv) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such act), or (v) who files an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such act, or (vi) who dies after August 1954 and whose survivors are (or would, but for the provisions of section 215 (f) (6) of such act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such act, as amended by this act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was, or would upon filing application therefor in such month have been, entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Security Act who was or, upon filing application therefor, would have been entitled to such benefits for August 1954, to whom subparagraph (A) is inapplicable, and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application, after August 1954, by him, or if he dies without filing such an application, by any person entitled to monthly survivors benefits under section 202 of such act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act for computation of such individual's primary insurance amount, except that the provisions of subsection (f) of such section (other than paragraph (3) (C) thereof) shall not be applicable for purposes of such computation, and except that his closing date, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective (i) if the application is filed by such individual, for and after the 12th month before the month in which the application therefor was filed by such individual but in no case before the first month of the quarter which is such individual's 6th quarter of coverage acquired after June 30, 1953, or (ii) if such application was filed by a person entitled to monthly survivors benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivors benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(3) The amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits under section 202 (a) of the Social Security Act until after August 1954, or who dies after August 1954 without becoming

entitled to such benefits, or who files an application after August 1954 and is entitled to a recomputation under paragraph (2) or (4) of section 215 (f) of the Social Security Act, as amended by this act, or who is entitled to a recomputation under paragraph (2) (B) of this subsection, or who is entitled to a recomputation under paragraph (5) of subsection (e).

(4) The amendments made by subsection (e) (2) shall be applicable only in the case of applications for recomputation filed after 1954. The amendment made by subsection (e) (4) shall be applicable only in the case of deaths after 1954.

(5) The amendments made by subparagraph (A) of subsection (e) (3) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after August 1954.

(6) No increase in any benefit by reason of the amendments made by this section (other than subsection (e)) or by reason of subparagraph (B) of paragraph (2) of this subsection shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(g) Effective September 1, 1954, section 2 (c) (2) (B) of the Social Security Act amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after August 1954."

(h) (1) Where—

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such act for August 1954;

(B) one or more other persons were entitled (without the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this act,

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this act; or

(E) the amount determined pursuant to such section, as in effect prior to the enactment of this act, for August 1954 plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act amendments of 1952 for August 1954 plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month. (2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such act for August 1954 on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of the first sentence of section 203 (a) of the Social Security Act, as amended by this act,

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall, for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such act, as amended by this act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this act, plus $10.

(i) Section 202 of such act is amended by inserting after subsection (l) the following new subsection:

"MINIMUM SURVIVOR'S OR DEPENDENT'S BENEFIT

"(m) In any case in which the benefit of any individual for any month under this section (other than subsec. (a)), is, prior to reduction under subsection (k) (3), less than $35 and no other individual is (without the applicaiton of sec. 202 (j) (1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to $35."

AMENDMENTS RELATING TO RETIREMENT TEST

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of 72 and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or."

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by par. (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of 72 and on 7 or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or."

(b) (1) Section 203 (c) of such act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of 72 and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or."

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by par. (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of 72 and on 7 or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such act is amended to read as follows: "The charging of earnings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such act is amended to read "Months to Which Earnings Are Charged."

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year of 12 months are not more than $1,200, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than 12 months are not more than the product of $100 times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of 12 months are in excess of $1,200, the amount of his earnings in excess of $1,200 shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than 12 months are more than the product of $100 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age 72 or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211 shall be applicable; and any excess of deductions over income so resulting from such a computation shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in section 209 (a).

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year."

(e) Section 203 (f) of such act is amended to read as follows:

"PENALTY FOR FAILURE TO REPORT CERTAIN EVENTS

"(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to 1 month's benefit even though the failure to report is with respect to more than 1 month."

(f) (1) The heading of section 203 (g) of such act is amended to read "Report of Earnings to Secretary."

(2) The first sentence of paragraph (1) of section 203 (g) of such act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of $100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

(3) The third sentence of paragraph (1) of such section 203 (g) is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two."

(4) Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or a subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

(5) Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)"; by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

(6) The heading of section 203 (j) of such act is amended by striking out "Seventy-five" and inserting in lieu thereof "Seventy-two" and such section is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two."

(g) Section 203 of such act is amended by adding at the end thereof the following new subsection:

"NONCOVERED REMUNERATIVE ACTIVITY OUTSIDE THE UNITED STATES

"(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term 'trade or business' shall have the same meaning as when used in section 162 of the Internal Revenue Code of 1954."

(h) Section 203 of such act is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

"GOOD CAUSE FOR FAILURE TO MAKE REPORTS REQUIRED

"(l) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

EXTRA CREDIT FOR POSTPONED RETIREMENT

(i) Section 202 (a) of the Social Security Act is amended to read as follows:

"OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFIT PAYMENTS

"OLD-AGE INSURANCE BENEFITS

"SEC. 202. (a) (1) Every individual who—

"(A) is a fully insured individual (as defined in section 214 (a)),

"(B) has attained retirement age (as defined in section 216 (a)), and

"(C) has filed application for old-age insurance benefits, or was entitled to rehabilitation insurance or permanent and total disability insurance benefits for the month preceding the month in which he attained retirement age,

shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies.

"(2) Such individual's old-age insurance benefit for any month after 1954 shall be equal to his primary insurance amount for such month plus one-sixth of 1 percent of such primary insurance amount for each month (a) which occurs (i) after 1954, (ii) after the day before the first month in which he is eligible for old-age insurance benefits, and (iii) prior to the month in which he files application for old-age insurance benefits, and (b) during which either he is not entitled to any monthly benefit under section 202 or an event specified in clause (1) or (2) of section 203 (b) occurs. For purposes of this paragraph an individual shall be deemed eligible for old-age insurance benefits in the first month in which he is both fully insured and has attained retirement age."

(j) (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsections (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h)) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

(2) No deduction shall be imposed on or after the date of the enactment of this act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such date); and no such deduction imposed prior to such date shall be collected after such date. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

(3) Subsections (b) (1), (b) (2), (c), (e), and (j) of section 203 of the Social Security Act as in effect prior to the enactment of this act, to the extent they are in effect with respect to months after 1954, are each amended by striking out "75" and inserting in lieu thereof "72," but only with respect to such months after 1954.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $6,000 with respect to employment has ben paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;."

(b) Paragraph (1) of subsection (b) of section 211 of such act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) $6,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, of $6,000 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $6,000 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;".

(d) Paragraph (1) of section 215 (e) of such act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, and the excess over $6,000 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212);

RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth."

(b) The amendment made by subsection (a) shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after August 1954; except that no individual shall, by reason of such amendment, be entitled to any benefit for any month prior to February 1954.

REHABILITATION SERVICES AND DISABILITY BENEFITS

SEC. 106. There are hereby added to the Social Security Act, as amended, the following new sections designated as sections 220, 221, and 222, to follow section 219.

"REHABILITATION SERVICES, REHABILITATION INSURANCE BENEFITS, AND PERMANENT AND TOTAL DISABILITY INSURANCE BENEFITS

"REHABILITATION SERVICES

"SEC. 220. (a) (1) Every disabled individual who—

"(A) (i) is under a long-term total disability (as defined in subsection (e) (2));

"(ii) has not attained retirement age at the time he is accepted for rehabilitation services under this subsection;

"(iii) has filed application for rehabilitation insurance benefits or permanent and total disability insurance benefits; and

"(iv) is insured under the provisions of subsection (f); or

"(B) is entitled to benefits under section 202 (d) (1) (B), may be given rehabilitation services, provided the State rehabilitation agency (as defined in subsection (e) (6)) through which the services are given certifies that such individual appears to be rehabilitable into substantially gainful activity, and that the services undertaken or planned are necessary therefor. For the purposes of this paragraph, rehabilitation services may include the types of services provided under the Vocational Rehabilitation Act (29 U. S. C., ch. 4), including determination of the feasibility of the individual's rehabilitation and the costs of any books and other training material, but excluding any payments for his maintenance. Continuation of such services to an individual shall be contingent upon periodic certification (at least every 6 months) by the State rehabilitation agency through which the services are provided that such individual appears to be rehabilitable into substantially gainful activity, and that the services undertaken or planned are necessary therefor.

"(2) Such services shall be provided through utilization of the services and facilities of State rehabilitation agencies. In providing or securing rehabilitation services, State rehabilitation agencies shall follow such policies and standards as may be issued by the Secretary after consultation with the Advisory Council on Rehabilitation Services and Disability Insurance (as provided in subsection (i)). State rehabilitation agencies providing or securing such rehabilitation services shall be paid for the cost thereof, including necessary administrative costs, either in advance or by way of reimbursement, as may be mutually agreed upon and prior to action thereon by the General Accounting Office.

"(3) There is hereby authorized to be appropriated from the trust fund such amount as may be necessary to provide such rehabilitation services.

"REHABILITATION INSURANCE BENEFITS

"(b) Every disabled individual who—

"(1) is under a long-term total disability;

"(2) has not attained retirement age;

"(3) has been under a long-term total disability throughout his waiting period (as defined in subsection (e) (1));

"(4) is insured under the provisions of subsection (f);

"(5) is certified by a State rehabilitation agency as being an individual who appears to be rehabilitable into substantially gainful activity, or is awaiting evaluation by such agency;

"(6) has not, without good cause, failed to accept rehabilitation evaluation and training; and

"(7) has filed application for rehabilitation insurance benefits.

shall be entitled to a rehabilitation insurance benefit for each month, beginning with July 1954, or with the first month after his waiting period, whichever is later, in which he becomes so entitled to rehabilitation insurance benefits and ending with the month preceding the first month in which any of the following occurs: He ceases to be under a long-term total disability; he fails, without good cause, to accept rehabilitation evaluation and training; he becomes entitled to a permanent and total disability insurance benefit; he dies; or he attains retirement age. Such individual's rehabilitation insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215) for such month.

"PERMANENT AND TOTAL DISABILITY INSURANCE BENEFITS

"(c) Every individual who—

"(1) is under a permanent and total disability (as defined in subsection (e) (3));

"(2) has not attained retirement age;

"(3) has served a waiting period in connection with his current disability throughout which he has been under a long-term total or permanent and total disability;

"(4) is insured under the provisions of subsection (f);

"(5) has been certified by a State rehabilitation agency as being an individual for whom rehabilitation into substantially gainful activity is unlikely;

"(6) has not, without good cause, failed to accept rehabilitation evaluation and training; and

"(7) has filed application for permanent and total disability insurance or rehabilitation insurance benefits, shall be entitled to a permanent and total disability insurance benefit for each month beginning with July 1954, or with the first month following the month in which conditions in paragraph (1) through (7) of this subsection are met, whichever is later, and ending with the month preceding the first month in which any of the following occurs: He ceases to be under a permanent and total disability, dies, or attains retirement age. Such individual's permanent and total disability insurance benefit for any month shall be equal to his primary insurance amount (as defined in sec. 215) for such month.

"OTHER CONDITIONS OF ENTITLEMENT

"(d) (1) An individual who would have been entitled to rehabilitation insurance or permanent and total disability insurance benefits for any month had he filed application therefor prior to the end of such month shall be entitled to such benefits for such month if he files application therefor prior to the end of the sixth month succeeding such month.

"(2) No application for rehabilitation insurance or permanent and total disability insurance benefits filed prior to 7 months before the first month for which the applicant becomes entitled to receive such benefits shall be accepted as an application for purposes of this section and no such application which is filed prior to April 1954 shall be accepted.

"DEFINITION OF 'WAITING PERIOD,' 'LONG-TERM TOTAL DISABILITY,' 'PERMANENT AND TOTAL DISABILITY,' 'BLINDNESS,' 'PERIOD OF DISABILITY,' AND 'STATE REHABILITATION AGENCY'

"(e) For the purpose of this title—

"(1) The term 'waiting period' means the period beginning with the first calendar month of the individual's period of disability (as defined in paragraph (5) of this subsection), and ending at the expiration of the fifth calendar month following such month.

"(2) The term 'long-term total disability' means (A) inability to engage in any sub-

stantially gainful activity by reason of any medically determinable physical or mental impairment which appears likely to be of long-continued and indefinite duration, or (B) blindness.

"(3) The term 'permanent and total disability' means (A) inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which is expected to be permanent, or (B) blindness.

"(4) The term 'blindness' means central visual acuity of 5/200 or less in the better eye with correcting lens. An eye in which the visual field is reduced to 5 degrees or less concentric contraction shall be considered for the purposes of this subsection as having a central visual acuity of 5/200 or less.

"(5) (A) As used in this title, the term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this paragraph) during which an individual was under a long-term total or permanent and total disability. No such period with respect to any such disability or disabilities shall begin as to any individual unless such individual while under such long-term total or permanent and total disability filed an application for benefits under subsections (b) or (c). Except as provided in subparagraph (B), a period of disability shall begin with the month in which the long-term total or permanent and total disability began or with the 1st day of the 13th month prior to the month in which individual files such application, whichever first occurs, but only if such individual is insured under the provisions of subsection (f) in such month; if such individual was not insured under the provisions of subsection (f) in such month, the period of disability shall begin on the first day of the first quarter thereafter in which he is so insured. A period of disability shall end with the close of the last day of the month in which (i) the individual ceases to be entitled to a rehabilitation insurance or permanent and total disability insurance benefit, (ii) he dies, or (iii) he attains retirement age, whichever first occurs.

"(B) If an individual files an application for benefits under subsection (b) or (c) after March 1954 and before January 1956, with respect to a long-term total or permanent and total disability which began before April 1954 and continued without interruption until such application was filed, then the period of disability shall begin with the month in which such long-term total or permanent and total disability began, but only if he was insured under subsection (f) in such month; if such individual was not insured under the provisions of subsection (f) in such month, the period of disability shall begin on the first day of the first quarter thereafter in which he was so insured.

"(6) The term 'State rehabilitation agency" means the agency administering a rehabilitation plan approved under the Vocational Rehabilitation Act, and in the Virgin Islands, the agency charged with providing rehabilitation services pursuant to an agreement between the Administrator and the Governor of the Virgin Islands; in any State, Territory, or possession where more than one such agency operates, the term means the one such agency designated by the Secretary.

"DISABILITY INSURED STATUS

"(f) An individual is insured for purposes of subsections (a), (b), (c), and (e) with respect to any quarter only if he has not less than—

"(1) six quarters of coverage (as defined in section 213 (e) (2)) during the 13-quarter period which ends with such quarter; and

"(2) twenty quarters of coverage during the 40-quarter period which ends with such quarter,

not counting as part of the 13-quarter period specified in paragraph (1), or the 40-quarter period specified in paragraph (2), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"REDUCTION OF BENEFIT

"(g) (1) Where a rehabilitation insurance benefit or a permanent and total disability insurance benefit is payable to any individual under this section and a workmen's compensation benefit or benefits have been or are paid to such individual on account of the same disability for the same month, such individual's rehabilitation insurance benefit or permanent and total disability insurance benefit under this section for such month shall, prior to any deductions under section 221, be reduced by one-half, or by an amount equal to one-half of such workmen's compensation benefit or benefits, whichever is the smaller.

"(2) In case the rehabilitation insurance benefit or the permanent and total disability insurance benefit of any individual under this section is not reduced as provided in paragraph (1) because such benefit is paid prior to the payment of the workmen's compensation benefit, the reduction shall be made by deductions, at such time or times and in such amounts as the Secretary may determine, from any payments under this title payable on the basis of the wages and self-employment income of such individual.

"(3) If the workmen's compensation benefit is payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the rehabilitation insurance benefits or the permanent and total disability insurance benefits under this subsection shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in paragraph (1).

"(4) In order to assure that the purposes of this subsection will be carried out, the Secretary may, as a condition to certification for payment of any rehabilitation insurance benefit or permanent and total disability insurance benefit payable to an individual under this section (if it appears to him that there is a likelihood that such individual may be eligible for a workmen's compensation benefit which would make necessary a reduction under this subsection), require adequate assurance of reimbursement to the trust fund in case a workmen's compensation benefit, with respect to which such a reduction should be made, becomes payable to such individual and such reduction is not made.

"(5) For purposes of this subsection, the term "workmen's compensation benefit" means a cash benefit, allowance, or compensation payable under any workmen's compensation law or plan of the United States or of any State.

"COOPERATION WITH AGENCIES AND GROUPS

"(h) The Secretary is authorized to secure the cooperation of appropriate agencies of the United States, of States, or of the political subdivisions of States and the cooperation of private medical, dental, hospital, nursing, health, educational, and social welfare groups or organizations, and where necessary to enter into voluntary working agreements with any of such public of private agencies, organizations, or groups in order that their advice and services may be utilized in the efficient administration of this section.

"ADVISORY COUNCIL ON REHABILITATION SERVICES AND DISABILITY INSURANCE

"(i) (1) There is hereby established an Advisory Council on Rehabilitation Services and Disability Insurance (hereinafter called the 'Council') for the purpose of consulting with the Secretaries on policies and standards governing the furnishing of rehabilitation services and determinations of disability, and policies to further the employment of disabled beneficiaries. The Council shall consist of the Commissioner of Social Security who shall serve as Chairman, the Surgeon General of the Public Health Service, the Director of the Office of Vocational Rehabilitation, the Director of the Bureau of Old-Age and Survivors Insurance, the Director of the Bureau of Employment Security, and 12 persons appointed by the Secretary without regard to the civil-service laws. Such appointed members shall represent employers, employees, the disabled, the medical profession, the rehabilitation profession, and the public. The annual report of the Secretary shall include a record of consultations with the Council.

"(2) Each appointed member shall hold office for a term of 3 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of that term, and except that, of the members first appointed, 4 shall hold office for a term of 1 year, 4 shall hold office for a term of 3 years, as designated by the Secretary at the time of appointment. Appointed members of the Council, while serving on business of the Council (inclusive of travel time), may receive $50 per diem as well as actual and necessary traveling expenses in lieu of subsistence while so serving away from their places of residence. The Council shall be provided by the Secretary with such staff assistance and secretarial and other personnel as may be required for carrying out its functions. The Council shall meet as frequently as the Secretary deems necessary, but not less than twice a year. The Council also shall meet whenever six of its appointed members request a meeting.

"TERMINATION OF PERIOD OF DISABILITY BY SECRETARY

"(j) In any case in which an individual has failed to submit himself for examination or reexamination in accordance with regulations of the Secretary, the Secretary may find, solely because of such failure, that such individual is not under a disability or that his disability (previously determined to exist) has ceased. The Secretary may find that an individual is not under a disability or that his disability (previously determined to exist) has ceased if the Secretary finds that such individual cannot be located after reasonable efforts to communicate with him have been made or if such individual is outside the United States and the Secretary finds that adequate arrangements have not been made for determining or redetermining such individual's disability.

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"(k) The provisions of this title relating to periods of disability shall not apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under section 202 of this title, or in the case of any monthly benefit or lump-sum death payment under such section 202 if such benefit or payment would be greater without their application; except that the provisions of this section shall not render erroneous the payment of any benefit under section 220.

"SAFEGUARDING DOCTOR-PATIENT RELATIONSHIP

"(l) No individual without his consent shal be required by the Secretary to undergo a physical examination to establish the facts as to his disability, but an individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine

and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

"DEDUCTIONS FROM REHABILITATION INSURANCE AND PERMANENT AND TOTAL DISABILITY INSURANCE BENEFITS

"EVENTS FOR WHICH DEDUCTIONS ARE MADE

"SEC. 221. (a) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under section 220 to which an individual is entitled, until the total of such deductions equals such individual's benefit under section 220 for any month—

"(1) in which such individual rendered services as an employee (whether or not such services constitute employment as defined in sec. 210) for remuneration of more than $100; or

"(2) for which such individual is charged, pursuant to the provisions of subsection (c) of this section, with net earnings from self-employment (as determined pursuant to subsection (d)) of more than $100; or

"(3) in which such individual fails to submit himself for examination in accordance with regulations of the Secretary; or

"(4) in which such individual without good cause fails to accept rehabilitation evaluation and training; or

"(5) in which such individual is outside the United States if the Secretary finds that adequate arrangements have not been made for determining or redetermining the existence of such individual's disability;

except that the provisions of paragraph (1) and (2) of this subsection shall not apply in the case of an individual entitled to rehabilitation insurance benefits for the first 3 months in which such individual either rendered services as an employee for remuneration of more than $100 or for which such individual is charged with net earnings from self-employment of more than $100.

"OCCURRENCE OF MORE THAN ONE EVENT

"(b) If more than one event occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of net earnings from self-employment to any month shall be treated as an event occurring in the month to which such net earnings are charged.

"MONTHS TO WHICH NET EARNINGS FROM SELF-EMPLOYMENT ARE CHARGED

"(c) For the purposes of subsection (a) (2) of this section—

"(1) if an individual's net earnings from self-employment for his taxable year are not more than the product of $100 times the number of months in such year, no month in such year shall be charged with more than $100 of net earnings from self-employment;

"(2) if an individual's net earnings from self-employment for his taxable year are more than the product of $100 times the number of months in such year, each month of such year shall be charged with $100 of net earnings from self-employment, and the amount of such net earnings in excess of such product shall be further charged to months as follows: The first $100 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $100 per month to each preceding month in such year until all of such balance has been applied, except that no part of such excess shall be charged to any month (A) for which such individual was not entitled to a benefit under section 220, (B) in which an event described in paragraph (1), (3), (4), or (5) of subsection (a) occurred, or (C) in which such individual did not engage in self-employment;

"(3) (A) as used in paragraph (2), the term 'last month of such taxable year' means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clause (A) or (B) thereof.

"(B) for the purposes of clause (C) of paragraph (2), an individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing his net earnings from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"SPECIAL RULE FOR COMPUTATION OF NET EARNINGS FROM SELF-EMPLOYMENT

"(d) For the purposes of this section, an individual's net earnings from self-employment for any taxable year shall be computed as provided in section 211 with the following adjustments:

"(1) Such computation shall be made without regard to the provisions of paragraphs (1), (4), and (5) of subsection (c) of section 211; and

"(2) Such computation shall be made without regard to the provisions of sections 116, 212, 213, 251, and 252 of the Internal Revenue Code.

"PENALTY FOR FAILURE TO REPORT CERTAIN EVENTS

"(e) Any individual in receipt (on behalf of himself or another individual) of benefits subject to deduction under subsection (a) because of the occurrence of an event specified therein (other than an event described in paragraph (2) thereof) shall report such occurrence to the Secretary prior to the receipt and acceptance of such benefits for the second month following the month in which such event occurred. If such individual knowingly fails to report any such occurrence, an additional deduction equal to that imposed under such subsection shall be imposed, except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to 1 month's benefit even though the failure to report is with respect to more than 1 month.

"REPORT TO SECRETARY OF NET EARNINGS FROM SELF-EMPLOYMENT

"(f) If an individual is entitled to any disability insurance benefit during any taxable year in which he has net earnings from self-employment in excess of $100 times the number of months in such year, such individual (or the individual in receipt of such benefit on his behalf) shall make a report to the Secretary of his net earnings from self-employment for such taxable year. Such report shall be made on or before the 15th day of the 3d month following the close of such year, and shall contain such information and be made in such manner as the Secretary may by regulations prescribe. If the individual fails within the time prescribed above to make such report of his net earnings from self-employment for any taxable year and any deduction is imposed under subsection (a) (2) of this section by reason of such net earnings—

"(A) such individual shall suffer one additional deduction in an amount equal to his benefit for the last month in such taxable year for which he was entitled to a disability insurance benefit; and

"(B) if the failure to make such report continues after the close of such taxable year, such individual shall suffer an additional deduction in the same amount for each month during all or any part of which such failure continues after such fourth month; except that the number of the additional deductions required by this paragraph shall not exceed the number of months in such taxable year for which such individual received and accepted disability-insurance benefits and for which deductions are imposed under subsection (a) (2) by reason of such net earnings from self-employment. If more than one additional deduction would be imposed under this paragraph with respect to a failure by an individual to file a report required by this paragraph and such failure is the first for which any additional deduction is imposed under this paragraph, only one additional deduction shall be imposed with respect to such first failure.

"(2) If the Secretary determines, on the basis of information obtained by or submitted to him, that it may reasonably be expected that an individual entitled to disability-insurance benefits for any taxable year will suffer deductions imposed under subsection (a) (2) of this section by reason of his net earnings from self-employment for such year, the Secretary may, before the close of such taxable year, suspend the payment for each month in such year (or for only such months as the Secretary may specify) of such benefits payable to him; and such suspension shall remain in effect with respect to the benefits for any month until the Secretary has determined whether or not any deduction is imposed for such month under subsection (a). The Secretary is authorized, before the close of the taxable year of any individual entitled to benefits during such year, to request of such individual that he make at such time or times as the Secretary may specify, a declaration of his estimated net earnings from self-employment for the taxable year and that he furnish to the Secretary such other information with respect to such net earnings as the Secretary may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (a) (2) of this section by reason of his net earnings from self-employment for such year.

"DEDUCTIONS FROM BENEFITS TO DEPENDENTS OF A DISABLED INDIVIDUAL

"(g) Deductions shall be made from any wife's or husband's, child's or disabled child's insurance benefit to which a wife, husband, child, or disabled child is entitled under section 202, with respect to the wages or self-employment income of a disabled individual entitled to benefits under section 220, until the total of such deductions equals such wife's, husband's, child's, or disabled child's insurance benefit or benefits for any month in which such disabled individual suffers a deduction under this section."

BENEFITS FOR CERTAIN DISABLED ADULT CHILDREN

SEC. 107. (a) The heading of subsection 202 (d) of such act is amended to read "Child's and Disabled Child's Insurance Benefits."

(b) Paragraph (1) of such subsection is amended to read as follows:

"(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance, rehabilitation insurance, or permanent and total disability insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

(A) (i) has filed application of child's insurance benefits;

(ii) at the time such application was filed was unmarried and had not attained the age of 18; and

(iii) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent

upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), attains the age of 18, or the individual with respect to whose wages or self-employment income such child's insurance benefits are paid ceases to be entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for any reason other than attainment of retirement age; or

(B) (i) after November 1953, was entitled, or could have become entitled upon filing application therefor, to child's insurance benefits under subparagraph (A) for the month prior to the month in which such child attained the age of 18;

(ii) was under a permanent and total disability (as defined in section 220 (e) (3)) in such month prior to attainment of age 18, which disability has continued since such month and for a period of not less than 6 consecutive calendar months after December 1953;

(iii) has filed proof of being under a permanent and total disability in such month within 1 year after the end of such month;

(iv) has filed application for disabled child's insurance benefits; and

(v) at the time such application was filed was unmarried and had attained the age of 18,

shall be entitled to a disabled child's insurance benefit for such month, beginning with the first month after June 1954, in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle) subsequent to the death of such fully or currently insured individual, or ceases to be under a permanent and total disability, or the individual with respect to whose wages or self-employment income such disabled child's insurance benefits are paid ceases to be entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for any reason other than attainment of retirement age.

(c) Paragraph (2) of such subsection is amended by inserting "or disabled child's" after "child's" wherever it occurs, and "or disabled child" after "child" wherever it occurs.

(d) Paragraphs (1) and (2) of subsection (k) of section 202 of such act are amended by inserting "or disabled child" after "child" wherever it occurs, and "or disabled child's" after "child's" wherever it occurs.

CASH SICKNESS BENEFITS

SEC. 108. Title II of such act is amended by adding after section 221 (added by section 106 of this act) the following:

"CASH SICKNESS BENEFITS

"CONDITIONS OF ENTITLEMENT TO CASH SICKNESS BENEFITS

"SEC. 222. (a) (1) Every individual who—

"(A) is insured under the provisions of subsection (c);

"(B) is not entitled to old-age insurance benefits under section 202 (a), or rehabilitation insurance benefits under section 220 (b), or permanent and total disability insurance benefits under section 220 (c);

"(C) is under a temporary disability (as defined in subsection (e));

"(D) has had a waiting week in his benefit year and after June 30, 1954; and

"(E) has filed an application for cash sickness benefits in accordance with regulations of the Secretary, shall be entitled to a cash sickness benefit for each full week of temporary disability following such waiting week, provided that he has performed no services of any kind for remuneration by an employer during such waiting week or week of temporary disability; except, that if an uninterrupted spell of temporary disability for an individual in a benefit year continues into his next benefit year, the requirement of clause (D) of this paragraph shall not apply with respect to temporary disability occurring within such spell in such new benefit year.

"(2) Any such individual who continues to be under temporary disability for a part of a week in an uninterrupted spell of temporary disability and who meets the requirements of paragraph (1) shall be paid an amount equal to one-seventh of his cash sickness benefit for each day of temporary disability in such part week.

"(3) For purposes of this subsection—

"(A) the term 'week' means a period of 7 consecutive days as defined in regulations of the Secretary;

"(B) the term 'waiting week' means the first period of 7 consecutive days on each of which an individual is under temporary disability in a benefit year; and

"(C) the term 'uninterrupted spell of temporary disability' includes any temporary disability occurring within 21 days following a waiting week or within 21 days following a day with respect to which an individual is entitled to benefits under this subsection.

"AMOUNT OF CASH SICKNESS BENEFITS

"(b) (1) An individual's 'cash sickness benefit' shall, subject to the provisions of subsection (c), be the amount appearing in column B, C, D, or E of the following table as determined by the number of his dependents, on the line on which there appears, in column A, the wage interval which includes the amount of his wages paid in that quarter of his base period in which the total of his wages was highest. For purposes of this paragraph the number of dependents of an individual shall be determined for a benefit year as of the first day of such benefit year:

"Table

"A Highest quarterly wages	B Benefit amount without dependents	C Benefit amount with 1 dependent	D Benefit amount with 2 dependents	E Benefit amount with 3 or more dependents	F Qualifying wages
$130 to $149.99	$8	$9	$9	$9	$260
$150 to $166.99	8	10	10	10	260
$167 to $183.99	8	10	11	11	260
$184 to $207.99	8	10	11	12	260
$208 to $233.99	9	11	12	13	351
$234 to $259.99	10	12	13	14	390
$260 to $285.99	11	14	15	16	429
$286 to $311.99	12	15	16	17	468
$312 to $337.99	13	16	17	19	507
$338 to $363.99	14	17	19	20	546
$364 to $389.99	15	18	20	21	585
$390 to $415.99	16	20	21	23	624
$416 to $441.99	17	21	23	24	663
$442 to $467.99	18	22	24	26	702
$468 to $493.99	19	23	25	27	741
$494 to $519.99	20	24	26	28	780
$520 to $545.99	21	26	28	30	819
$546 to $571.99	22	27	29	31	858
$572 to $597.99	23	28	30	33	897
$598 to $623.99	24	29	32	34	936
$624 to $650.99	25	30	33	35	976
$651 to $678.99	26	32	34	37	1,018
$679 to $707.99	27	33	36	38	1,062
$708 to $737.99	28	34	37	40	1,107
$738 to $768.99	29	35	38	41	1,153
$769 to $800.99	30	36	39	42	1,201
$801 to $833.99	30	38	41	44	1,251
$834 and more	30	39	42	45	1,302

"(2) For purposes of this subsection, the term 'dependent' means, with respect to an individual, an unmarried child (including a stepchild or adopted child) who is under the age of 18 and is living in the same household with such individual or receiving regular contributions toward his support from such individual; and a wife who is living in the same household with such individual and who is not regularly engaged in rendering services for remuneration or in any occupation for profit.

"(3) The maximum of the cash sickness benefits to which an individual shall be entitled in any benefit year shall be an amount equal to 26 times his cash sickness benefit. In the case of any individual who—

"(A) prior to the termination of a continuous spell of disability during part of which he was entitled to cash sickness benefits, reaches the maximum of his cash sickness benefits; or reaches the end of his benefit year and is not an insured individual under subsection (e) for purposes of a new benefit year;

"(B) is not entitled to old-age insurance benefits under section 202 (a); and

"(C) at the beginning of such continuous spell of disability, was insured under the provisions of section 220 (f), he shall, notwithstanding the first sentence of this paragraph, be entitled to cash sickness benefits until such spell ends or has lasted for 6 consecutive calendar months, whichever first occurs.

"DETERMINATION OF INSURED STATUS FOR CASH SICKNESS BENEFITS

"(c) (1) An individual shall be deemed to be insured for purposes of cash sickness benefits under this section if he had been paid wages during his base period totaling not less than the amount in column F of the table in subsection (c) on the line on which, in column A, there appears the wage interval which includes the amount of his wages paid in that quarter of his base period in which the total of his wages was highest; except that if any individual has not been paid such an amount during his base period he shall be deemed insured for purposes of such benefits if he has been paid not less than $260 in his base period, but his cash sickness benefit shall be the amount appearing in column

B, C, D, or E, as is appropriate, on the lowest line of which there appears, in column F, the total of his wages in his base period or, if such total falls between two amounts in such column F, on the line of which there appears the smaller of such two amounts in such column. Notwithstanding the foregoing provisions of this paragraph, an individual shall not be deemed to be insured for purposes of such cash sickness benefits unless he has been paid remuneration for employment in at least two quarters of his base period and has been paid wages totaling not less than $130 in the quarter during his base period in which the total of his wages was highest.

"(2) An individual's 'base period' means the four completed calendar quarters immediately preceding the fourth calendar month prior to the month in which his benefit year begins.

"(3) An individual's 'benefit year' means the 1-year period beginning with the day as of which he first filed application under subsection (a) on the basis of which he can become entitled to benefits or receive credit for a waiting week under such subsection, and thereafter the 1-year period beginning with the day as of which he next files such an application for benefits under such subsection after the end of his last preceding benefit year.

"SIMULTANEOUS ENTITLEMENT TO BENEFITS

"(d) (1) In the case of an individual who is entitled for 1 or more weeks in a month to benefits under subsection (a) and is also entitled for such month to any other benefits under this title, he shall be paid for such month only an amount equal to such benefits under subsection (a) or an amount equal to such other benefits, whichever is the higher.

"(2) No payment shall be made to an individual for any week under subsection (a) if he has received or receives any workmen's compensation benefit on account of the same temporary disability for such week or for a month which includes such week.

"(3) In order to assure that the purposes of paragraph (3) will be carried out, the Secretary may, as a condition to certification for payment of benefits under subsection (a) if it appears to him that there is a likelihood that an individual entitled to benefits under such subsection may be eligible, as the result of temporary disability, for workmen's compensation benefit which would give rise to a denial of payment under such paragraph (2), require (A) adequate proof that such individual has taken or will take all steps necessary to secure workmen's compensation benefits with respect to such temporary disability, and (B) adequate assurance of reimbursement to the trust fund in case workmen's compensation benefits, with respect to which such denial of payment should be made, are paid to such individual and payment is not denied under paragraph (2). All amounts paid to the Secretary under this paragraph shall be deposited in the trust fund.

"(4) For purposes of this subsection, the term 'workmen's compensation benefit' means a cash benefit, allowance, or compensation payable under any workmen's compensation law or plan of the United States or of any State.

"DEFINITION OF TEMPORARY DISABILITY

"(e) For the purpose of this section, the term 'temporary disability' means inability of an individual to perform his most recent, customary, or reasonably similar work (as determined in accordance with regulations of the Secretary) by reason of any medically determinable illness, injury, or other impairment.

"EXCLUSIONS FROM COVERAGE FOR CASH SICKNESS BENEFITS

"(f) For the purposes of subsections (b) and (c) of this section, services performed in the employ of the United States Government, or of an instrumentality of the United States which (1) is wholly owned by the United States, or (2) was exempt on December 31, 1950, from the tax imposed by section 1410 of the Internal Revenue Code by virtue of any other provision of law shall not constitute employment."

TECHNICAL PROVISIONS

SEC. 109. (a) (1) The heading of title II of the Social Security Act is amended to read "Title II—Federal Old-Age, Survivors and Disability Insurance Benefits."

(2) The heading of section 201 of such act is amended to read "Federal Old-Age, Survivors and Disability Insurance Trust Fund." Section 201 is further amended by striking out "Federal Old-Age and Survivors Insurance Trust Fund," wherever it appears, and substituing therefor "Federal Old-Age, Survivors and Disability Insurance Trust Fund."

(3) The heading of section 202 of such act is amended to read "Old-Age, Survivors and Disability Insurance Benefit Payments."

(b) Section 202 (b) (1) of such act is amended by inserting after "old-age insurance" wherever it appears: ", rehabilitation insurance or permanent and total disability insurance"; and by inserting after "her husband dies" the words "or ceases to be entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for any reason other than attainment of retirement age,".

(c) Section 202 (c) (1) of such act is amended by inserting after "old-age insurance" wherever it appears: ", rehabilitation insurance or permanent and total disability insurance"; and by inserting after "his wife dies" the words "or ceases to be entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for any reason other than attainment of retirement age,".

(d) Section 214 (a) (2) of such act is amended by striking out "or (B) forty quarters of coverage." and inserting in lieu thereof:

"(B) twenty quarters of coverage within the forty-quarter period ending with the quarter in which he attained retirement age or with any subsequent calendar quarter or ending with the quarter in which he died; or

"(C) forty quarters of coverage;

not counting as an elapsed quarter for the purposes of subparagraph (A), and not counting as part of the 40-quarter period referred to in subparagraph (B) any quarter any part of which is included in a period of disability (as defined in sec. 220 (e) (5)) unless such quarter is a quarter of coverage."

(e) Section 214 (a) of such act is further amended by adding at the end thereof the following new paragraph:

"(4) If an individual upon attainment of retirement age is not, under paragraph (2), a fully insured individual but (were it not for his attainment of retirement age) would have been entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for the month in which he attained retirement age or for any subsequent month, he shall be a fully insured individual beginning with the first month for which he would have been so entitled to disability insurance benefits."

(f) Section 214 (b) of such act is amended by striking out the period at the end thereof and inserting: ", excluding from such 13-quarter period any quarter any part of which is included in a period of disability unless such quarter is a quarter of coverage."

(g) Subsection (c) of section 203 of such act is further amended by inserting "or disabled child's" after "child's" wherever it occurs, and "or disabled child after "child."

(h) Section 215 (f) of the Social Security Act is amended by renumbering paragraph (6) as paragraph (8), and by inserting after paragraph (5) the following new paragraphs:

"(6) In the case of any individual who became entitled to old-age insurance, rehabilitation insurance or permanent and total disability insurance benefits in 1955 or in a taxable year which began in 1955 (and without the application of sec. 202 (j) (1)), or who died in 1955 or in a taxable year which began in 1955, but did not become entitled to such benefits prior to 1955, and who had self-employment income for a taxable year which ended within or with 1955 or which began in 1955, then upon application filed after the close of such taxable year by such individual or (if he died without filing such application) by a person entitled to monthly benefits on the basis of such individual's wages and self-employment income, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this sections (other than subsec. (b) (4) (A)) for computation of such amount, except that (A) the self-employment income closing date shall be the day following the quarter with or within which such taxable year ended, and (B) the self-employment income for any subsequent taxable year shall not be taken into account. Such recomputation shall be effective (A) in the case of an application filed by such individual, for and after the first month in which he became entitled to old-age insurance, rehabilitation insurance or permanent and total disability insurance benefits, and (B) in the case of an application filed by any other person, for and after the month in which such person who filed such application for recomputation became entitled to such monthly benefits.

"(7) An individual who—

"(A) became entitled to an old-age insurance benefit for a month prior to July 1954;

"(B) has filed application after March 1954 and prior to January 1956 for a disability recomputation;

"(C) had been under a long-term total disability or a permanent and total disabilty (as defined in sec. 220 (e)) prior to his attainment of retirement age, which disability has continued uninterruptedly until the time of filing such application; and

"(D) could, but for having reached retirement age, have had a period of disability (as defined in sec. 220 (e) (5));

shall be deemed to have had such a period of disability, and the Secretary shall recompute such individual's primary insurance amount effective July 1954. Recomputation under this paragraph shall be made as provided in section 215 (a) and shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) or under section 215 (d) whichever is applicable had the individual attained retirement age in the first month of such period of disability and filed application for old-age insurance benefits in July 1954."

(i) The amendments made by the preceding subsection of this section shall take effect on April 1, 1954.

(j) In the case of an individual who died or became (without the application of sec. 202 (j) (1) of the Social Security Act) entitled to old-age insurance, rehabilitation insurance, or permanent and total disability insurance benefits in 1955 and with respect to whom not less than 6 of the quarters elapsing after 1950 and prior to the quarter following the quarter in which he died or became entitled to such insurance benefits, whichever first occurred, are quarters of coverage, his wage closing date shall be the first day of such quarter of death or entitlement instead of the day specified in section 215 (b) (3) of such act, but only if it would result in a higher primary insurance amount

for such individual. The terms used in this subsection shall have the same meaning as when used in title II of the Social Security Act.

(k) In the case of an individual who had filed an application for recomputation under section 215 (f) (2) of the Social Security Act in 1955 or in a taxable year which began in 1955 or who died in such year or taxable year before filing such application but who, prior to the end of the month in which he died, met all other conditions specified in such section for a recomputation, and who had self-employment income for a taxable year which ended within or with 1955 or which began in 1955, then upon application filed after the close of such taxable year by such individual or, if he has died, by a person entitled to monthly benefits on the basis of such individual's wages and self-employment income, the Secretary shall further recompute such individual's primary insurance amount. Such further recomputation shall be made in the manner provided in section 215 of such act (other than subsection (b) (4) of such section) for computation of such amount, except that (A) the self-employment income closing date shall be the day following the quarter with or within which such taxable year ended, and (B) the self-employment income for any subsequent taxable year shall not be taken into account. Such further recomputation shall be effective for and after the month (in 1955 or in a taxable year which began in 1955) in which such individual filed application for recomputation under section 215 (f) (2) or if he has died, for and after the month in which such other person entitled on the basis of such individual's record of wages and self-employment income became entitled to such benefits. No recomputation under this paragraph pursuant to an application filed after such individual's death shall affect the amount of the lump-sum death payment under section 202 (i) of the Social Security Act, and no such recomputation shall render erroneous any such payment certified by the Secretary prior to the effective date of such further recomputation. No recomputation shall be made under this paragraph unless such recomputation results in a higher primary insurance amount. The terms used in this paragraph shall have the same meaning as when used in title II of the Social Security Act.

(l) In the case of an individual—

(1) who filed an application for a recomputation under section 215 (f) (2) of the Social Security Act in 1952 after complying with the other conditions specified therein for such a recomputation; or

(2) who died in such year before filing such an application but who, prior to the end of the month in which he died, met all other conditions specified in such section for a recomputation, his primary insurance amount shall be recomputed as provided in such section, except that his wage closing date shall, for purposes of section 215 (b) (3) of such act, be the first day of the quarter in which he filed such application or died, instead of the date specified in such section 215 (b) (3), but only if it would result in a higher primary insurance amount for him. The terms used in this paragraph shall have the same meaning as when used in title II of the Social Security Act.

INSURED STATUS

SEC. 109. Section 214 (a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, but only if there are not fewer than six of such quarters so elapsing."

BENEFITS IN CERTAIN CASES OF DEATHS BEFORE SEPTEMBER 1950

SEC. 110 (a) In the case of any individual—

(1) who died prior to September 1, 1950, and was not a fully insured individual (under title II of the Social Security Act), when he died, and

(2) who had not less than six quarters of coverage (as defined in such title),

such individual shall, except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of the Social Security Act, be deemed to have died a fully insured individual. Such individual's primary insurance amount shall be computed under subsection (a) (2) of section 215 of such act. For the purpose of such computation, the provisions of section 215 (d) (3) of such act shall apply if such individual died a currently insured individual (under title II of such act) and any other person was entitled on the basis of his wages to monthly benefits or a lump-sum death payment under section 202 of such act; in all other cases the provisions of section 215 (d) (4) shall be applicable, except that such individual's closing date shall be the first day of the quarter in which he died. In the case of any such individual, the requirement in subsection (h) of section 202 of such act that proof of support be filed within 2 years of the date of his death shall not apply if such proof is filed before September 1956.

(b) The provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the Social Security Act for months after August 1954, on the basis of applications filed after such month.

ELIMINATION OF REQUIREMENT OF FILING APPLICATION IN CERTAIN CASES

SEC. 111. (a) Section 202 (e) (1) (C) of the Social Security Act is amended to read as follows:

"(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

"(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age."

(b) Section 202 (g) (1) (D) of such act is amended to read as follows:

"(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died."

(c) The third sentence of section 202 (i) of such act is amended by inserting immediately before the period at the end thereof the following: ", or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died."

TECHNICAL AMENDMENTS

SEC. 112. (a) The second sentence of section 204 (a) of the Social Security Act is amended by inserting "and self-employment income" after "wages."

(b) Section 208 of the Social Security Act is amended by inserting ", or as to the amount of net earnings from self-employment derived or the period during which derived" after "as to the amount of any wages paid or received or the period during which earned or paid."

REPEAL OF REQUIREMENT OF CERTAIN DEDUCTIONS

SEC. 113. (a) No deductions shall be made pursuant to subsection (i) of section 203 of the Social Security Act from any benefits for any month after August 1954; and, effective September 1, 1954, such subsection is repealed.

(b) No deductions shall be made pursuant to section 907 of the Social Security Act Amendments of 1939 (53 Stat. 1360, 1402), with respect to wages for services performed in 1939, from any benefits for any month after August 1954; and, effective September 1, 1954, such section is amended by striking out "1 percent of any wages paid him for services performed in 1939, and subsequent to his attaining age 65, and."

PROOF OF SUPPORT BY HUSBAND OR WIDOWER IN CERTAIN CASES

SEC. 114. (a) For the purpose of determining the entitlement of any individual to husband's insurance benefits under subsection (c) of section 202 of the Social Security Act on the basis of his wife's wages and self-employment income, the requirements of paragraph (1) (D) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such act (as in effect before or after the enactment of this act) did not occur.

(2) such individual has filed proof of such support within 2 years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such act for August 1950.

(b) For the purpose of determining the entitlement of any individual to widower's insurance benefits under subsection (f) of section 202 of the Social Security Act on the basis of his deceased wife's wages and self-employment income, the requirements of paragraph (1) (E) (ii) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife, and she was a currently insured individual, on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such act (as in effect before or after the enactment of this act) did not occur,

(2) such individual has filed proof of such support within 2 years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such act for August 1950.

(c) For purposes of subsection (b) (1) of this section, and for purposes of section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of this section is applicable, the wife of an individual shall be deemed a currently insured individual if she had not less than 6 quarters of coverage (as determined under section 213 of the Social Security Act) during the 13-quarter period ending with the calendar quarter in which occurs the first month (1) for which such wife was entitled to a monthly benefit

under section 202 (a) of such act, and (2) in which an event described in paragraph (1) or (2) of section 203 (b) of such act (as in effect before or after the enactment of this act) did not occur.

(d) This section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such act, for months after August 1954, and only with respect to benefits based on applications filed after such month.

DEFINITION

SEC. 115. As used in the provisions of the Social Security Act amended by this title, the term "Secretary" means the Secretary of Health, Education, and Welfare.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODES OF 1939 AND 1954

AMENDMENTS TO DEFINITIONS OF SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

SEC. 201. (a) (1) Paragraph (1) of section 481 (a) of the Internal Revenue Code is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real-estate dealer;".

(2) Subsection (a) of section 481 of the Internal Revenue Code is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such code, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 percent of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(b) (1) Paragraph (1) of section 1402 (b) of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) that part of the net earnings from self-employment which is in excess of—

"(A) for any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) for any taxable year ending after 1954, (i) $6,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or."

(2) (b) Section 1402 (b) of the Internal Revenue Code of 1954 is amended by inserting after "employees)" the following: ", or under an agreement entered into pursuant to the provisions of section 3121 (l) (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations),".

(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraphs (4) and (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

(d) (1) Section 1402 (c) (2) of the Internal Revenue Code of 1954 is amended by inserting after "18" the following: "and other than service described in paragraph (4) of this subsection."

(2) Section 1402 (c) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect."

(3) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(e) Ministers and members of religious orders:

"(1) Waiver certificate: Any individual who is a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service, described in subsection (c) (4), performed by him.

"(2) Time for filing certificate: Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to paragraph (4) of subsection (c)) of $400 or more, any part of which was derived from his performance of service described in such paragraph (4).

"(3) Effective date of certificate: A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable."

(d) The amendments made by subsections (a), (b), and (c) of this section shall be applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) (1) The first sentence of section 6413 (c) (1) of the Internal Revenue Code of 1954 is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $6,000, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received."

(2) Section 1401 (d) (3) of the Internal Revenue Code of 1939 is amended by striking out the period at the end of the second sentence and inserting in lieu thereof "or, in the case of any agreement (or modification thereof) pursuant to section 218 of the Social Security Act which is effective as of a date more than 2 years prior to the date such agreement (or modification) was agreed to, within 2 years after the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare."

(b) (1) The heading of section 6413 (c) (2) of the Internal Revenue Code of 1954 is amended to read as follows: "Applicability in case of Federal and State employees and employees of certain foreign corporations.—"

(2) Section 6413 (c) (2) (A) of the Internal Revenue Code of 1954 is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $6,000 for any calendar year after 1954,".

(3) Section 6413 (c) (2) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subparagraph:

"(C) Employees of certain foreign corporations: For purposes of paragraph (1) of this subsection, the term 'wages' includes such remuneration for services covered by an agreement made pursuant to section 3121 (l) as would be wages if such services constituted employment; the term 'employer' includes any domestic corporation which has entered into an agreement pursuant to section 3121 (l); the term 'tax' or 'tax imposed by section 3101' includes, in the case of services covered by an agreement entered into pursuant to section 3121 (l), an amount equivalent to the tax which would be imposed by section 3101, if such services constituted employment as defined in section 3121; and the provisions of paragraph (1) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section 3121 (l) has been paid to the Secretary or his delegate."

(c) The second sentence of section 3122 of the Internal Revenue Code of 1954 is amended by striking out "$3,600" and inserting in lieu thereof "$6,000."

(d) The amendments made by subsections (a) (1), (b), and (c) shall be applicable only with respect to remuneration paid after 1954. The amendment made by subsection (a) (2) shall be effective as if it had been enacted as a part of section 203 (c) of the Social Security Act Amendments of 1950 which added section 1401 (d) (3) to the Internal Revenue Code of 1939.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

SEC. 203. (a) Section 1420 (e) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the

jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality."

(b) The amendment made by subsection (a) shall become effective January 1, 1955.

AMENDMENTS TO DEFINITION OF WAGES

SEC. 204 (a) Paragraph (1) of section 3121 (a) of the Internal Revenue Code of 1954 is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$6,000."

(b) (1) Subparagraph (B) of section 3121 (a) (7) of the Internal Revenue Code of 1954 is amended to read as follows:

"(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (g) (5);".

(2) Section 3121 (a) (7) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subparagraph:

"(C) cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5)."

(3) Section 3121 (a) (8) of the Internal Revenue Code of 1954 is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

"(B) cash remuneration paid by an employer in any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50."

(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. 205. (a) Section 3121 (b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

"(B) service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468)."

(b) Section 3121 (b) of the Internal Revenue Code of 1954 is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such code, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section 3121 (b) of the Internal Revenue Code of 1954 herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer."

(d) (1) Subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed," and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal home loan bank," after "a Federal Reserve bank," in clause (ii); and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;"

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; (5) U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquate, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority)."

(e) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissoned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began."

(e) Section 3121 (b) of the Internal Revenue Code of 1954 is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such code, as paragraphs (14) and (15), respectively.

(f) The amendments made by subsections (c) and (e) shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

AMENDMENT RELATING TO COLLECTION OF EMPLOYEE TAX

SEC. 206. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C), (8) (B), or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50."

AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 207. (a) Subparagraph (C) of section 3121 (d) (3) of the Internal Revenue Code of 1954 is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed."

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

SEC. 208. (a) Paragraph (1) of section 1426 (l) of the Internal Revenue Code is amended by inserting "(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order)" after "service" in the first sentence, by striking out "two-thirds of its employees" and inserting in lieu thereof "two-thirds of its employees performing service to which this paragraph is applicable" in such sentence, and by deleting so much of such paragraph as follows the first sentence.

(b) Such section 1426 (l) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively, and by adding after paragraph (1) the following new paragraphs:

"(2) Waiver of exemption in the case of ministers: An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders (other than a member of a religious order who has taken a vow of poverty as a member of such order) and perform such service in the exercise of duties required by such order or orders, and that at least two-

thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate pursuant to paragraph (1) with respect to such employees.

"(3) List to accompany certificate: A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"(4) Effective period of waiver: A certificate filed pursuant to paragraph (1) or paragraph (2) shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate; (i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the cetificate is in effect (as determined under subparagraph (A) or (B), whichever is applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"(5) Termination of waiver period by orranization: The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a cetificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter."

(c) The paragraph of such section 1426 (1) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: "If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organization pursuant to paragraph (2) shall also be terminated at the same time."

(d) The paragraph of such section 1426 (1) herein redesignated as paragraph (7) is amended to read as follows:

"(7) No renewal of waiver: In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph."

(e) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed prior to January 1, 1955, under section 1426 (1) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (1) (2) of the Internal Revenue Code is in effect for any calendar quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which constitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed.

Changes in Tax Schedules

RATE OF TAX FOR EMPLOYEES

SEC. 209 (a) Section 3101 of the Internal Revenue Code of 1954 is amended to read as follows:

"(a) Non-Federal employment: In addition to other taxes, there shall be levied, collected, and paid upon the income of every individual a tax equal to the following percentages of the wages received by him after December 31, 1936, with respect to employment after such date, except that such tax shall not apply to the income of an individual for service performed in the employ of the United States or of an instrumentality which (i) is wholly owned by the United States, or (ii) was exempt on December 31, 1950, from the tax imposed by section 1410 of the Internal Revenue Code of 1939 by virtue of any other provision of law:

"(1) With respect to wages received during the calendar years 1939 to 1949, both inclusive, the rate shall be 1 percent.

"(2) With respect to wages received during the calendar years 1950 to 1953, both inclusive, the rate shall be 1½ percent.

"(3) With respect to wages received during the calendar year 1954, the rate shall be 2 percent.

"(4) With respect to wages received during the calendar years 1955 and 1956, the rate shall be 2½ percent.

"(5) With respect to wages received during the calendar years 1957 and 1958, the rate shall be 3 percent.

"(6) With respect to wages received during the calendar years 1959 and 1960, the rate shall be 3½ percent.

"(7) With respect to wages received after December 31, 1960, the rate shall be 4 percent.

"(b) Federal employment: In addition to other taxes, there shall be levied, collected, and paid upon the income of every individual a tax equal to the following percentages of the wages received by him after December 31, 1950, with respect to employment after such date to which the tax imposed by subsection (a) of this section does not apply:

"(1) With respect to wages received during the calendar years 1951 to 1954, both inclusive, the rate shall be 1½ percent.

"(2) With respect to wages received during the calendar years 1955 and 1956, the rate shall be 2 percent.

"(3) With respect to wages received during the calendar years 1957 and 1958, the rate shall be 2½ percent.

"(4) With respect to wages received during the calendar years 1959 and 1960, the rate shall be 3 percent.

"(5) With respect to wages received after December 31, 1960, the rate shall be 3½ percent."

WHEN COLLECTION OF TAXES FROM MEMBERS OF UNIFORMED SERVICES IS NOT REQUIRED

(b) Subsections (a) and (b) of section 3102 of the Internal Revenue Code of 1954 are amended to read as follows:

"(a) Requirement:

"(1) General provision: Except as provided in paragraph (2), the tax imposed by section 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid.

"(2) Special exception for uniformed services: Whenever the President determines that, by reason of the large number of individuals who are being or have been drafted for service in the uniformed services of the United States or who are being or have been called to active duty in such services, the collection of the taxes imposed by section 3101 with respect to some or all of such service or duty would not be in the best interests of the United States, he shall by Executive order direct the Secretary of Defense, the Secretary of Health, Education, and Welfare, the Secretary of the Treasury, and the Secretary of Commerce not to deduct the taxes imposed by section 3101 with respect to service as a member of any of the uniformed services of the United States (which may be made applicable with respect to any one or more of such uniformed services), or with respect to so much of such service as is performed in one or more designated areas or by individuals in designated pay grades, or both, as the President may find appropriate. Such Executive order shall be revoked whenever the President determines that it is no longer necessary in the interests of the United States.

"(b) Indemnification of employer: Every employer required so to deduct the tax or directed pursuant to paragraph (2) of subsection (a) not to deduct the tax shall be liable for the payment of such tax, and shall be indemnified against the claims and demands of any person for the amount of any such payment by such employer."

RATE OF TAX FOR EMPLOYERS

(c) Section 3111 of the Internal Revenue Code of 1954 is amended to read as follows:

"(a) Nonfederal employment: In addition to other taxes, every employer shall pay an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages paid by him after December 31, 1936, with respect to employment after such date, except that such tax shall not apply to the wages paid an individual with respect to service performed in the employ of the United States, or of an instrumentality of the United States which (i) is wholly owned by the United States, or (ii) was exempt on December 31, 1950, from the tax imposed by this section by virtue of any other provision of law.

"(1) With respect to wages paid during the calendar years 1939 to 1949, both inclusive, the rate shall be 1 percent.

"(2) With respect to wages paid during the calendar years 1950 to 1953, both inclusive, the rate shall be 1½ percent.

"(3) With respect to wages paid during the calendar year 1954, the rate shall be 2 percent.

"(4) With respect to wages paid during the calendar years 1955 and 1956, the rate shall be 2½ percent.

"(5) With respect to wages paid during the calendar years 1957 and 1958, the rate shall be 3 percent.

"(6) With respect to wages paid during the calendar years 1959 and 1960, the rate shall be 3½ percent.

"(7) With respect to wages paid after December 31, 1960, the rate shall be 4 percent.

"(b) Federal employment: In addition to other taxes, every employer shall pay an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages paid by him after December 31, 1950, with respect to employment after such date, to which the tax imposed by subsection (a) of this section does not apply:

"(1) With respect to wages paid during the calendar years 1951 to 1954, both inclusive, the rate shall be 1½ percent.

"(2) With respect to wages paid during the calendar years 1955 and 1956, the rate shall be 2 percent.

"(3) With respect to wages paid during the calendar years 1957 and 1958, the rate shall be 2½ percent.

"(4) With respect to wages paid during the calendar years 1959 and 1960, the rate shall be 3 percent.

"(5) With respect to wages paid after December 31, 1960, the rate shall be 3½ percent."

RATE OF TAX FOR SELF-EMPLOYED PERSONS

(d) Clauses (1) through (5) of section 1401 of the Internal Revenue Code of 1954 are amended to read as follows:

"(1) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1955, the tax shall be equal to 2½ percent of the amount of the self-employment income for such taxable year.

"(2) In the case of any taxable year beginning after December 31, 1954, and before January 1, 1957, the tax shall be equal to 3 percent of the amount of the self-employment income for such taxable year.

"(3) In the case of any taxable year beginning after December 31, 1956, and before January 1, 1959, the tax shall be equal to 3¾ percent of the amount of the self-employment income for such taxable year.

"(4) In the case of any taxable year beginning after December 31, 1958, and before January 1, 1961, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year.

"(5) In the case of any taxable year beginning after December 31, 1960, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year."

FOREIGN SUBSIDIARIES OF DOMESTIC CORPORATION

SEC. 210. Section 3121 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(l) Agreements entered into by domestic corporations with respect to foreign subsidiaries:

"(1) Agreement with respect to certain employees of foreign subsidiaries: The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (8)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the term 'employment' or 'wages', as defined in this section, had the service been performed in the United States. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, with respect to any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, on or after the effective date of the agreement, are employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

"(A) that the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary or his delegate may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section; and

"(B) that the domestic corporation will comply with such regulations relating to payments and reports as the Secretary or his delegate may prescribe to carry out the purposes of this subsection.

"(2) Effective period of agreement: An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

"(3) Termination of period by a domestic corporation: The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign corporation shall terminate at the end of any calendar quarter in which the foreign corporation, at any time in such quarter, ceases to be a foreign subsidiary as defined in paragraph (8).

"(4) Termination of period by Secretary: If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than 60 days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

"(5) No renewal of agreement: If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety (A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4), the domestic corporation may not again enter into an agreement pursuant to paragraph (1). If any such agreement is terminated with respect to any foreign subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

"(6) Deposits in trust fund: For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—

"(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

"(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or of the regulations issued under this subsection,

shall be considered wages subject to the taxes imposed by this chapter.

"(7) Overpayments and underpayments:

"(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be required by regulations prescribed by the Secretary or his delegate.

"(B) If any overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within 2 years from the time such overpayment was made.

"(8) Definition of foreign subsidiary: For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

"(A) a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation; or

"(B) a foreign corporation more than 50 percent of the voting stock of which is owned by the foreign corporation described in subparagraph (A).

"(9) Domestic corporation as separate entity: Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.

"(10) Regulations: Regulations of the Secretary or his delegate to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers pursuant to this title with respect to the taxes imposed by this chapter."

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

SEC. 211. (a) The Internal Revenue Code of 1954 is amended by inserting after section 175 thereof the following new section:

"SEC. 176. Payments with respect to employees of certain foreign corporations

"In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121 (l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received."

(b) The table of sections to part VI of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"SEC. 176. Payments with respect to employees of certain foreign corporations."

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

SEC. 301. Section 8 (e) of the Social Security Act Amendments of 1952 (Public Law 590, 82d Cong.) is amended by striking out "September 30, 1954" and inserting in lieu thereof "September 30, 1956."

TEMPORARY EXTENSION OF SPECIAL PROVISION RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, 81st Cong.) is amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1957."

TECHNICAL AMENDMENTS

SEC. 303. (a) Sections 3 (b) (1), 403 (b) (1), and 1003 (b) (1) of the Social Security Act are each amended by striking out "one-half" and inserting in lieu thereof "the State's proportionate share."

(b) Section 3 (b) of such act is amended (1) by striking out "clause (1) of subsection (a)" wherever it appears and inserting in lieu thereof "subsection (a)", (2) by striking out "such clause" in paragraph (1) and inserting "such subsection" in lieu thereof, and (3) by striking out "increased by 5 percent" immediately before the period at the end of paragraph (3).

TITLE IV—MISCELLANEOUS PROVISIONS

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 401. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954."

(b) Section 2 (c) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "six" and inserting in lieu thereof "twelve"; and subsection (5) (j) of such act, as amended, is amended by striking out "sixth" and inserting in lieu thereof "twelfth." The amendments made by this subsection shall be applicable only in the case of applications for annuities under the Railroad Retirement Act filed after August 1954; except that no individual shall, by reason of such amendment, be entitled to any annuity for any month prior to February 1954.

(c) Section 5 (l) (9) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "$3,600" the second time it appears and inserting in lieu thereof "$6,000."

(d) Section 5 (l) (1) (ii) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(ii) will have been under the age of 72 and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on 7 or more different calendar days in noncovered remunerative activity outside the United States (as defined in sec. 203 (k) of the Social Security Act); and for purposes of this subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this subdivision applies were entitled to benefits under section 202 of such act;".

CROSS REFERENCES TO REDESIGNATED PROVISIONS

SEC. 402. References in the Internal Revenue Code of 1939, the Internal Revenue Code of 1954, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this act shall be deemed to refer to such section or subdivision of a section as so redesignated.

Mr. LEHMAN. Mr. President, the social-security bill now before the Senate comes to us as a result of recommendations made by the Department of Health, Education, and Welfare on behalf of the administration. Of all the President's recommendations, this is the one which I would characterize as being most in the public interest and as coming closest to campaign promises made.

I should like to give myself the pleasure of complimenting the distinguished chairman of the Committee on Finance, the Senator from Colorado [Mr. MILLIKIN], the ranking minority member of the committee, the Senator from Georgia [Mr. GEORGE], and the other members of the committee, for having done a devoted and, on the whole, a very successful piece of work.

Mr. MILLIKIN. Mr. President, I deeply appreciate the compliment of the Senator from New York.

Mr. HILL. Mr. President, if the Senator will yield, I should like to join in the tribute which the Senator from New York has paid to the distinguished Senator from Colorado and the distinguished Senator from Georgia.

Mr. MILLIKIN. I thank the Senator from Alabama very much.

Mr. LEHMAN. But, Mr. President, while the administration may take the credit for recommending these improvements in the social-security program, I should like to point out that the credit for originally suggesting these improvements may properly be claimed by this side of the aisle.

A glance at page 7981 of the CONGRESSIONAL RECORD, of July 1, 1953, will show that on that date I introduced a bill, S. 2260, on behalf of myself and 10 other Senators, which contained almost all the provisions now contained in the bill being considered by the Senate. An identical bill was at that time introduced into the House by a number of Democratic Members of that body, including Representatives DINGELL, of Michigan, and CELLER and ROOSEVELT, of New York.

In order to let these provisions be brought to the attention of the Senate, I have revised my bill in a few minor respects and reintroduced it as an amendment in the nature of a substitute to H. R. 9366. As such I wish to discuss it and compare its provisions with those of the administration bill.

The pending bill, H. R. 9366, may be described as having four major parts. These parts are:

I. Extension of coverage.

II. Increased benefits.

III. Amendments to the retirement test.

IV. Maintenance of the benefit levels of the disabled.

I. EXTENSION OF COVERAGE

Essentially, with respect to the extension of OASI coverage to persons not heretofore covered, my amendment and the administration bill are similar, with a few exceptions. However, the bill which I introduced more than a year ago, and which is now on the desk as a substitute, provides coverage for about 7 million people not covered by the administration bill. For example, my bill would extend coverage to self-employed farm operators. This particular extension of coverage was at one time recommended by the administration, but is not now included in H. R. 9366.

Mr. MORSE. Mr. President, will the Senator yield at that point?

Mr. LEHMAN. I yield to the Senator from Oregon.

Mr. MORSE. Is it not true that the mail of the Senator from New York, like my mail, shows that there is a great demand for coverage of this group of fellow Americans who are really being discriminated against by the administration bill?

Mr. LEHMAN. The Senator is absolutely correct. My mail is very voluminous on that subject. Of course, as I shall develop a little later in my remarks, I intend to press that measure at the next session of Congress.

Mr. MORSE. As in this session of Congress I was happy to join with the Senator from New York in this matter, so in the next session of Congress he can count on me for support on this issue, because I think those citizens ought to be brought under the social-security law. I think there is rank discrimination against them in the administration bill because it does not cover them.

Mr. LEHMAN. I concur in what the Senator from Oregon has said.

I wish to address my remarks particularly to the bringing of farm operators under the coverage of old-age and survivors insurance, because I consider it to be one of the most desirable improvements we could make in our present social-security system.

One of the basic justifications for the old-age and survivors insurance program is to provide old-age protection for the American people as a matter of right, without an individual test of needs, without requiring a so-called means test or a pauper's oath. In urban areas, where most of the working population has been covered by old-age and survivors insurance for the last 17 or 18 years, the insurance program is the central feature

of the whole social-security system. In farm areas, however, the insurance program is not doing its full share. The reason for this, of course, is that farm operators and most farm workers are excluded from the insurance program.

The effect of this exclusion is shown clearly when we compare the percentage of old people in farm areas receiving insurance and assistance payments with the percentage in the nonfarm areas. In the farm counties—those in which more than 50 percent of the people live on farms—we find that 31 percent of the aged are getting old-age public assistance payments—public charity, in other words—and only 13 percent are getting social-insurance benefits, to which they themselves contributed. In the nonfarm counties the situation is reversed. Seventeen percent of the aged in nonfarm counties are getting public assistance or charity payments, and 36 percent are receiving insurance benefits. Unless we bring farm operators under the insurance program, we cannot hope to reduce the burden of public assistance in rural areas.

Extending OASI coverage to farmers is one of the most important improvements I proposed in my original bill, S. 2260, introduced last year, and provided in my substitute bill now on the desk. Bringing farmers into the old-age and survivors insurance program will place them on an equal basis with other self-employed persons. It would remove the discrimination against our farm population that now exists. It would mean that farm groups, as well as people who work in business and industry, could now for the first time contribute systematically toward protection against poverty in old age and against hardship for their families if the breadwinner dies. It would strengthen the old-age and survivors insurance program by making it more universal.

My amendment would extend coverage to all the professional groups, except doctors. H. R. 9366 now before us does not include these groups. The other major group to which my bill would extend coverage would be members of the active military and naval services. Thus, when a man enters military service there would be no break or gap in his record under old-age and survivors insurance. The present protection provided for persons in the Armed Forces is temporary in nature and expires June 30, 1955.

Thus, in these categories alone—farm operators, the professional groups, and the Armed Forces—roughly about 7 million more persons would be covered under my bill than under the administration proposal.

The administration bill provides coverage for State and local government employees who are now covered by local retirement systems. Under present law, these employees are excluded, and many have complained that their retirement systems are inadequate. They have sought OASI coverage, and in some instances have been successful. Their OASI coverage, however, has been gained only after dissolving their existing systems.

The pending bill, H. R. 9366, improves this situation by authorizing the extension of coverage to State and local employees—except for policemen and firemen—as a result of a referendum by secret written ballot held among the members of the local retirement system. Inasmuch as I favor the widest possible OASI coverage among State and local government employees, with the exception of police and firemen, who object to and do not need such coverage. I have amended my original bill so that my substitute amendment is in line with the provisions of the administration bill.

At this point, I should like to state briefly that it is my opinion, and I think that of the administration, that the cocial-security program will become more effective as it is extended to more and more people. As Secretary Hobby, of the Department of Health, Education, and Welfare, stated before the House Committee on Ways and Means:

> We firmly believe that if all these groups are brought into OASI so as to make it essentially a universal system, great advantages will accrue both to the individuals involved and to the Nation as a whole.

The chief difficulty to date with respect to extending coverage to new groups has been administrative. The only other objections have come from employers who do not wish to pay their portion of the social-security tax and from one particular professional association—the American Medical Association—which has claimed that the social-security program is socialistic. Gradually, both the administrative difficulties and other objections are being overcome, making extension of coverage to new groups more feasible.

Mr. President, the second subject I wish to discuss is increased benefits.

When Secretary Hobby testified on social-security legislation before the House Ways and Means Committee, she listed six recommendations. Three of these recommendations were:

(a) Drop 4 years of lowest earnings in computing benefits—in some cases 5.

(b) Raise earning base to $4,200.

(c) Increase benefits.

These three items may be considered separately, but the net effect of them is to increase benefits. They are designed to, and will, accomplish that objective. I should like briefly to refer to these recommendations and compare them with recommendations on the same points in my bill, S. 2260, introduced more than a year ago, and in my substitute now on the desk of the Senate.

At the present time when OASI benefits are computed, the law requires that the individual's entire working lifetime be considered. Obviously, in some of the years during his lifetime he has earned less than in other years. If he is permitted to compute his benefits excluding his 5 years of lowest income, his benefit level will be higher than it would have been if he were forced to take every year into account.

To the extent that this provision of the administration bill—to drop out the 5 years of lowest earnings—increases benefit levels, it is advantageous to the worker. However, as is true of many other provisions in this bill, it does not go far enough. In the Lehman substitute, it is provided that the worker may base his benefit upon his 10 best years. As the Senate knows, a worker is fully insured when he has worked and paid the tax for 40 quarters, or 10 years. If the worker were permitted to use that same 10-year figure in computing his benefits, he could eliminate all but the 10 highest income years, and thereby receive a considerably higher benefit.

WAGE BASE

The second of the three items I mentioned above refers to raising the earning or taxable base to $4,200. At this point I would like to say that on June 20, 1950, the distinguished senior Senator from Georgia [Mr. GEORGE] offered an amendment to the bill then before the Senate, H. R. 6000, to increase the wage base from $3,000 to $3,600. Subsequently, former Senator Myers of Pennsylvania offered an amendment to the amendment of the Senator from Georgia to increase the wage base to $4,200, the same figure which the administration now proposes. I am proud to say that on that date I was cosponsor of the amendment offered by Senator Myers, and I urged the Senate to adopt it. Unfortunately, the Myers amendment did not carry. It was rejected by a vote of 36 yeas to 45 nays. It will be most interesting to compare the vote of June 20, 1950, with the vote on the pending bill.

At that time, the $4,200 wage base would have been almost, but not quite, equivalent in terms of purchasing power to the $3,000 base in 1939. Today, the $4,200 wage base is no more appropriate than was the wage base of $3,600 in 1950. All of us know that the cost of living and the scale of prevailing wages has increased since 1950. Even as early as June of 1953, I took cognizance of the increased wages and cost of living by proposing in S. 2260 to increase the wage base to $6,000, which I think is much more in keeping with the increases in wages and cost of living which have occurred since 1950.

Let me make this one point clear. If we increase the wage base to $4,200 or $4,800 or $6,000, as the case may be, it does not mean that the individual who earns $3,600 will pay any more than he does today in the form of social-security taxes. However, the individual who earns more will be subject to social-security taxes on the income in excess of $3,600 and up to $4,200 if that figure is adopted. This, of course, will mean that his benefits will be higher upon retirement.

BENEFIT FORMULA

In referring to the third item, "increased benefits," Secretary Hobby described the benefit formula which, as the Senate knows, provides that the worker's primary benefit will be equal to 55 percent of the first $100 of the worker's average monthly wage, and 15 percent of the remainder up to $300. The formula presented in the administration bill would be 55 percent of the first $110

of the worker's average monthly wage, and 20 percent of the remainder up to $350.

The VICE PRESIDENT. The time of the Senator from New York has expired.

Mr. JOHNSON of Texas. Mr. President, I yield the distinguished Senator from New York [Mr. LEHMAN] 15 minutes on the bill.

Mr. LEHMAN. Mr. President, my original benefit formula began with 55 percent of the first $100. In my pending substitute I have included the administration's 55 percent of $110 figure in my basic benefit formula, but have made the remaining 20 percent benefit applicable to a maximum of $500 rather than to $350 as in the administration bill.

DELAYED RETIREMENT CREDIT

So far, Mr. President, I have compared provisions which appear in both the administration bill and in the Lehman bill aimed at the same general effect—namely, increasing benefits. There are, however, benefit-increasing provisions in my bill which are not included in the administration bill. One of these I call the Delayed Retirement Credit. With present OASI benefit levels so low, we know that many persons who reach retirement age actually do not leave their employment because they are aware that that their social security benefits would not be adequate to meet even their minimum needs. These persons, therefore, delay their retirement and continue to work for 1, 2, or 3 additional years in order to maintain their income. When this occurs, the social security fund gets the benefit. Not only does the fund continue to receive the taxes paid by this individual, but it saves to the extent that the individual in question does not collect his benefits.

Recognizing that the individual who delays his retirement contributes to the solvency of the fund and to the productivity of the Nation, my bill provides this individual with an additional credit at the rate of 2 percent a year for each year of work and contributions beyond the date at which he is first eligible for old-age insurance benefits. This accumulation of credit could continue until the individual reaches the age of 75—or 72 under the administration bill—at which age he would be entitled to social security benefits, regardless of the amount of his income from any source.

INCREMENT

A second feature of my bill, which is not contained in the administration bill, is a coverage increment. It will be recalled that prior to the 1950 amendments, the Social Security Act provided for an added benefit known as an increment to be added to the worker's primary benefit for each year of covered employment. In this way it was possible to provide higher benefits for those persons who had worked a greater number of years and, therefore, had contributed more to the fund. As the Senate knows, one of the basic general premises of the Social Security Act is that within certain bounds, the individual who contributes the most is entitled to the highest benefit.

It is true that in some cases the benefit formula is so weighted as to give additional credits to low-income workers. But prior to 1950, workers would receive still higher benefits if they were in covered employment for longer periods of time. In 1950, the increment provision was discontinued. One provision of my bill, S. 2260, and also of my substitute amendment, proposes to reinstitute the increment by providing the worker's primary benefit be increased by one-half of 1 percent for each year of coverage.

I should now like to discuss the minimum benefit.

The present law recognizes that there may be instances where the application of the benefit formula would result in an extremely low benefit by reason of the individual's work record. In these cases, the law establishes a minimum primary insurance amount of $25. It is obviously impossible for anyone to keep body and soul together on a total income of $25 per month. Consequently, this income must be supplemented in some way. What generally happens is that these beneficiaries seek public assistance. In order to obtain public assistance, they must divest themselves of whatever small assets they might possess, thereby making their situation even more precarious economically.

The bill H. R. 9366 would increase the minimum benefit to $30 per month. Under my bill, the minimum benefit would be increased to $35. I must admit that neither the $30 figure nor the $35 figure is really adequate. I merely point out that my bill represents some improvement as far as the minimum insurance benefit is concerned.

RETIREMENT TESTS

One problem which constantly recurs and which is always a source of complaint from social-security beneficiaries is the retirement test. I am sure all Senators know the 1939 law provided that OASI benefits would not be available to those persons who earn over $14.99 per month in covered employment. By subsequent amendments, the act now provides that a beneficiary may earn up to $75 per month without loss of benefits. If, however, he earns over $75 in any 1 month, he loses his entire benefit for that month.

Because of the numerous complaints I have had on this one provision alone, I am glad to say that I think that the changes in the retirement test in the bill reported out by the Finance Committee are a great improvement, and I congratulate the committee.

The administration bill now proposes to place the retirement test on an annual basis and to permit the beneficiary to earn $1,200 per annum and thereafter requires him to forfeit 1 month's benefit for each unit of $80 or fraction thereof earned within any month. This new formula is modified by a provision of the act which states that no month's benefit would be lost in a month in which the beneficiary did not perform substantial services.

This is a formula both more liberal and more flexible than what we have had to date, and for this reason I support it. I have included in my substitute, language identical to that contained in the bill as reported by the Senate with respect to the retirement test.

DISABILITY BENEFITS

Mr. President, our present social-security laws, while meeting to a great extent the needs of aged persons for some degree of financial stability and freedom from economic want, have to date left a gaping hole in the protective cover which the Congress has tried to erect over our aged citizens. With the exception of payments made on behalf of dependent children, and the lump-sum death benefit, all of the payments from the OASI fund have been made to persons who have reached the retirement age of 65 years.

I am sure every Member of the Senate has at one time or another been asked to assist a constituent who has been forcibly retired, by some physical disability. With respect to these cases, our present law says that the covered worker who is disabled at age 40, 50, or 60 is on his own until he reaches the statutory retirement age. The law takes no cognizance of the fact that through no fault of his own, he cannot continue to work in covered employment and pay the required social-security tax. In fact, the law, by taking into account the period which elapses after disability and before retirement, actually works to reduce the OASI benefit which the worker has earned up to the date of his disability. It is even possible for the intervening time completely to wipe out any rights he might have to a retirement benefit.

I am pleased to see that the present administration has recognized the existence of this gap in our social-security protection. However, H. R. 9366, after recognizing this serious fault in our present law, takes a completely negative approach. H. R. 9366 makes the frank admission that the disabled worker, who is no longer able to continue in covered employment, labors under an extreme disadvantage. But H. R. 9366 proposes to correct this disadvantage by merely providing that when an individual is injured and forced to give up working, he will suffer no diminution of the OASI benefits he will receive on reaching the age of 65. In other words, the level of his expectable benefits will be maintained as of the date of his disability so that the time intervening between the date of disability and the date of retirement will not work to reduce his eventual benefits, at the age of 65.

Thus, the pending bill, while recognizing an inequity under the present law, simply expresses sympathy for the disabled worker and specifies that when he reaches age 65, if he does, he will be entitled to benefits at the level earned as of the date of disability.

In every interview I have ever had with disabled persons who formerly worked in covered employment, I have always heard these questions: "What am I to do until I reach retirement age? Since I am disabled I have no income at all. Does the Government expect me to wait until I reach age 65 before it pays me the benefits I have earned to date?"

Under the present law, that is exactly what the Government expects this person to do and under the bill, H. R. 9366, that is exactly what the Govern-

ment requires this person to do. "But why," says the individual, "since I have paid the tax, cannot I at least withdraw from the fund the money I have paid in?" Obviously, if such withdrawals were permitted, the amounts would be small. But not even this small benefit is provided by the present law or H. R. 9366.

I have, therefore, included in my bill a provision to make benefits payable to disabled workers prior to attainment of retirement age. It should be borne in mind that I do not propose to make benefits payable to every disabled worker, but only to those who have a recent attachment to the social-security system. In other words, the individual must have had six quarters of coverage during the 13-quarter period preceding disability, and 20 quarters of coverage during the 40-quarter period preceding disability. Twenty quarters of coverage, Mr. President, equals 5 full years of coverage. Of those 20 quarters, 6 of the last 13, or a year and a half out of the last 3¼ years, must be covered.

The disabled worker, therefore, must demonstrate by his work record that he is more than a casual worker in covered employment and that during a good portion of his working lifetime he has contributed to the social-security fund.

When these same citizens, after contributing for years, are suddenly disabled, do they not have some claim? Should we ignore their plight and in effect tell them that they will get their benefits—not when they need them most—but when they are 65 years of age?

Mr. President, on June 20, 1950, an amendment, similar to the disability provisions of my amendment, was proposed by former Senator Myers, of Pennsylvania. At that time the Senate was in the midst of its deliberations on H. R. 6000, the 1950 amendments to the Social Security Act. In all, there were 10 sponsors of the Myers amendment, and I am proud to say that I was 1 of the 10. At that time, Senator Myers pointed out that the disability-insurance amendment, as it was called, was recommended by the House Ways and Means Committee and adopted by the House. Unfortunately, the Senate Finance Committee did not recommend the amendment to the Senate.

Senator Myers pointed out that the Advisory Council on Social Security, appointed by the Finance Committee, in the 80th Congress, recommended that the social-security program be broadened to insure against income loss resulting from permanent and total disability prior to retirement age at 65.

As Members of this body will recall, in 1950 the House passed H. R. 6000, which contained disability provisions similar to those in my bill. At that time, it was testified by representatives of the administration that after 5 years of operation, the disability provisions of that bill would be 0.2 percent of payroll; after 10 years, 0.4 percent of payroll; and after 15 years 0.6 percent of payroll; and that on a level premium basis, the cost would be 0.5 percent of payroll. There may be some change in these estimates because of new benefit levels or because of new payroll levels, but essentially these estimates are still true and apply with equal force to the disability provisions of my bill—Source: page 35 of House Report No. 1300 on H. R. 6000, table 9.

Based on coverage provided by the administration bill as introduced in the House the payroll in 1960 should be about $170 billion. Therefore, if the cost of the disability benefits provisions of my amendment is 0.2 percent of the payroll in 1960, this amendment will cost in the neighborhood of $340 to $350 million after 5 years of operation. Assuming again that the cost of disability payments is $350 million and that the total cost of the program in 1960 is $7,266,000,000 we find that the cost of disability benefits is less than 5 percent of the other costs of the program as estimated by the House committee.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, I yield 3 additional minutes on the time of the bill to the Senator from New York.

Mr. LEHMAN. Mr. President, I hasten to say that the $350 million which might be spent on disability benefits should not be regarded simply as an expense or a payment. As the Senate knows, we make considerable appropriations every year for public assistance grants to States. Total costs of public assistance in 1953 were over $2½ billion, including Federal, State, and local payments. It is estimated that public assistance payments per year to an individual average about $750. Of the total cost, the Federal Government contributes $1.3 billion, or about 52 percent. If this $1.3 billion expense could be reduced by $350 million, we would have reduced our public assistance expenditures by over 25 percent. I do not mean to imply that every dollar paid as a benefit payment to a disabled person under the social security bill would mean a savings of 1 dollar under public assistance, but it could bring about significant savings, both to the Federal and State Governments.

Secretary Hobby said in testimony before the House Ways and Means Committee:

> The relationship between disability and public dependency is a significant one. At present the Federal-State public assistance programs support about 1 million persons who themselves are disabled or, in the case of the aid-to-dependent-children program, whose father or mother or other caretaker is disabled.

Later, speaking of disabled persons who could expect no help from private organizations, Mr. Nelson P. Rockefeller, said that "a substantial number of this group will go on relief at some time and get public assistance and will average about 9 years on public assistance."

We all know that the public assistance program is generally regarded as supplementary to the OASI program. Public assistance payments are made generally to those persons who do not qualify for OASI benefits because they have never been covered or because their coverage is not sufficient. And in general, persons who get OASI benefits do not get public assistance benefits. Our whole effort in these two fields has been to increase social-security coverage and reduce the amounts of Federal appropriations paid to the States for public assistance. Eventually it is hoped public assistance payments can be almost, if not entirely, eliminated. If this provision were adopted, some persons would be covered immediately and each year an increasing number of persons would be entitled to disability payments under the OASI program. There would be, I am sure, considerable reduction in the substantial number of disabled persons who, as Mr. Rockefeller pointed out, will go on relief and get public assistance for an average of about 9 years.

Mr. President, I shall not press to have my amendment voted on today because I do not wish to delay action on H. R. 9366. Millions of social-security beneficiaries are anxiously awaiting their increased benefits. It is now nearly 3 weeks since the Finance Committee reported out the bill. I proposed to reintroduce my bill at the beginning of next year and shall continue to press for its adoption. Meanwhile, I shall support the individual amendments to improve the bill offered by my colleagues.

Mr. DOUGLAS. Mr. President, the Senator from Massachusetts [Mr. KENNEDY] and I have an amendment which seeks to amend the social security bill so as to include protection against total disability for the Nation's workers. It would permit workers who became totally and permanently disabled to retire on full annuities, on the same basis as those who retire at the age of 65. I shall not call it up at this time since the bill of the Senator from New York includes such a provision and I support his bill.

What happens when a family breadwinner gets sick or injured so that he can no longer support his family? The answer is one of tragic simplicity. He must rely on relatives and even charity, for few persons can afford the costs of private disability insurance.

Meager though it is, social security provides some help for persons who must retire after age 65. So far as it goes it is a fine program. Nevertheless, workers who become totally disabled often have even greater needs than the aged since they are younger and generally have more family responsibilities.

For many years, now, those of us who have sought to provide disability insurance as a part of social security protection have been balked by those who refuse to recognize its vital necessity. For example, we tried to get this program through during the debates on the social security revisions of 1950. At that time, we were blocked by a coalition of conservatives who apparently felt that welfare should be confined to the wealthy in the form of subsidies, high tariffs and special tax allowances. Yet the disability protection we urged would have paid for itself by means of low social security taxes.

The lack of protection against the personal disaster of becoming unable to earn a living stands today as a major

gap in providing our Nation's workers with adequate security. If we do not pass such protection now, we should make it the number one item on our agenda for next year.

PERSONAL STATEMENT IN EXPLANATION OF VOTE ON THE IVES AMENDMENT TO THE SUBVERSIVE ACTIVITIES CONTROL ACT OF 1950

Mr. McCARRAN. Mr. President, will the Senator from Colorado yield me 6 minutes, to speak on another subject?

Mr. MILLIKIN. I gladly yield 6 minutes to the Senator from Nevada.

Mr. McCARRAN. Mr. President, since I cast the only "nay" vote, yesterday, on the amendment offered by the Senator from New York [Mr. IVES] to the bill S. 3706, I have been asked several times, by friends, to explain why I cast my vote as I did. In each case, when I have answered, my friends have urged that I make a public statement on this point. It happened again this morning. This time it was a colleague who asked me why I had voted "nay" on the Ives amendment. When I told him, he expressed surprise, and said he had not understood the situation before. He indicated that he might have changed his own vote if he had understood my reasons for voting as I did; and he urged me to make a statement for the RECORD, which might be given consideration by the conferees on this bill, in the event the House acts and the bill does go to conference.

In response to all these various urgings, I have decided to comply with the suggestion that I state the basis for my "nay" vote on the Ives amendment.

I voted "nay" for several reasons, the most important reason being that in my opinion the amendment violates one of the basic concepts of our constitutional law. Under our Constitution, a man or an organization is always presumed innocent until proven guilty. But the Ives amendment specifically provides that a certain class or group of labor organizations shall be presumed innocent; and necessarily, therefore, by implication at least, the amendment says that all other organizations subject to the act are not to be presumed innocent, therefore, that they are to be presumed guilty.

If all persons who might be charged under the act, and all organizations which might be charged under the act are to be presumed innocent until proven guilty, in line with the established tenets of our constitutional law, then there is certainly no need for a provision that a certain few specified organizations are to be so presumed innocent. And when we go further, as I am convinced the Ives amendment does go, and by necessary implication declare that all organizations except those within a specified and identified class are to be presumed guilty until proven innocent, I think we violate one of the most important concepts of our freedom under the Constitution.

I dislike the Ives amendment also for its uncertainty, for the confusion which surrounded its adoption, as clearly evidenced by the record of the proceedings on this floor in that regard. Moreover, I fear the possibility that the amendment, if it becomes law, may be used as a shield by some of the very Communist-dominated organizations which the bill S. 3706 seeks to reach. Whether it will prove to be an effective shield, is open to question; but I believe there is danger that it will be so used, and that it will be the basis for litigation, possibly for prolonged litigation.

But I do not know whether I would have voted against the amendment for these reasons alone. I would have voted against it, even without these other reasons, solely because of the fact that it clearly violates my conception of the constitutional principle that innocence always is to be presumed until guilt has been established; not, as was said on the floor yesterday, by a preponderance of the evidence, but in accordance with the accepted standard of American criminal justice—that is, established beyond a reasonable doubt.

When I know that in my country a man or an organization must be proven guilty beyond a reasonable doubt before a penalty can be inflicted, I could not bring myself to vote for an amendment which said that a certain specified class of organizations, less than the whole, are to be presumed prima facie to be innocent. Especially, I could not do so after the legislative history made by the debate on the floor had made it quite clear that it was the intent of the Senate, as well as the implication of the language itself, that all organizations outside that specified class were not to be presumed innocent.

Let me say, Mr. President, I have not made this explanation of my vote on the Ives amendment with any thought of justifying my own action. I do not feel my vote requires justification, and I do not feel that I owe anybody an explanation for having voted as I did. But I have stated my reasons for my vote because friends, including colleagues, have asked me to do so, in order that the considerations which prompted me might be given thought by others who may yet be required to vote upon this question.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. MORSE. Mr. President, will the Senator from Colorado yield me not more than 5 minutes to comment on the speech by the Senator from New York [Mr. LEHMAN]?

Mr. MILLIKIN. I yield to the Senator.

Mr. MORSE. Mr. President, I commend very highly the speech which has just been made by the Senator from New York in support of his originally proposed substitute social security bill. I am a little disappointed that we are not to have the opportunity to vote on it as a substitute amendment for the bill now pending before the Senate, but he has announced that it is his decision to reintroduce the bill next January, and I shall be very happy to joint with him in January as one of the sponsors of the bill.

I think it is very interesting that this great statesman from New York, with his background—I do not intend any personal embarrassment to a man whom we all know as one of the wealthy bankers of America—has, in spite of his riches, always understood that, after all, one of the primary obligations of a democratic form of government is to see to it that a legislative program is adopted which will promote the general welfare. The Senator from New York has a substitute bill which, in my judgment, goes much further in promoting the general welfare in the field of social security than does the administration's bill, on which we are to vote tonight.

I wish briefly to comment on 2 of the most important provisions of the bill of the Senator from New York, one of which seeks to cover farmers on a voluntary basis. We have somehow developed the false notion that if a person is a farmer, even a tenant farmer, the population of the country as a whole should not show an interest in what happens to that individual when he or she approaches old age. The fact is that there are large numbers of occupants of the land in America who are in as great need of social security benefits when they approach old age as are factory workers and city dwellers.

The provision of the Senator's bill which seeks to extend the coverage of social security in our social security system is long overdue. I deeply regret that the administration bill does not provide such extended coverage, so that we might vote on the question tonight.

The next item in the Senator's bill on which I wish briefly to comment is the provision which seeks to do justice to the disabled.

Mr. President, I do not know what we are thinking of; I do not know how we can be so shortsighted—yes, Mr. President, when it comes to living up to what I believe is the real obligation of social conscience I do not see how we can be so cruel as to take the position that if someone 30, 35, 40, or 45 years of age becomes totally disabled, that person must wait until the retirement age under social security, when the Government will give him really no benefits under social security. It is plain cruelty, Mr. President. We should recognize that one of the great social and humanitarian objectives of the social security program is to be of assistance to fellow citizens who suffer misfortune. This country cannot afford to be so parsimonious in regard to the disabled. The disabled should not be compelled to follow the course which the Senator from New York has pointed out, namely, to get rid of their few assets in order to collect even charitable benefits in their respective States and localities. That

is no way to treat totally disabled fellow citizens.

Even before we vote tonight, we should accept at least that section of the Lehman bill as an amendment to the administration's bill. I have more faith in the economic strength of America than to believe that we can justify the perpetuation of the kind of injustice which now exists in the social security law with respect to the disabled.

I close by saying that I hope the Senator from New York will offer tonight at least the section with reference to assistance to the disabled. I highly commend him for the statesmanship represented by his social security bill.

Mr. HUMPHREY. Mr. President, I offer a series of amendments which I send to the desk and ask to have stated. They relate to funeral directors or morticians.

The VICE PRESIDENT. The clerk will state the amendments offered by the Senator from Minnesota.

The LEGISLATIVE CLERK. On page 29, between lines 5 and 6, it is proposed to insert the following new subsection:

FUNERAL DIRECTORS

(1) Paragraph (5) of section 211 (c) of the Social Security Act is amended by striking out "funeral director."

On page 29, line 7, it is proposed to strike out "(1)" and insert in lieu thereof "(m)."

On page 29, line 11, it is proposed to strike out "Subsection (c)" and insert in lieu thereof "subsections (c) and (1)."

On page 30, line 3, it is proposed to strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (1)."

On page 108, between lines 24 and 25, it is proposed to insert the following new subsection:

(d) Paragraph (5) of section 1402 (c) of the Internal Revenue Code of 1954 is amended by striking out "funeral director."

On page 108, line 25, it is proposed to strike out "(d)" and insert in lieu thereof "(e)."

On page 109, line 1, it is proposed to strike out "and (c)" and insert in lieu thereof "(c), and (d)."

The VICE PRESIDENT. Without objection, the amendments will be considered en blac.

Mr. MILLIKIN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MILLIKIN. Do these amendments deal entirely with funeral directors?

Mr. HUMPHREY. They are especially directed toward that particular category. As I have said to the Senator, I have in my hand a telegram from the president of the Funeral Directors' Association of America, who happens to reside in my State, and who has asked that funeral directors be included, after a vote which was authorized in their 1953 convention.

Mr. MILLIKIN. Mr. President, I do not believe there is a great deal of doubt as to whether or not funeral directors desire to come under this system. If there is strong opposition on the part of persons to coming under the system, we do not wish to bring them in, but so far as funeral directors are concerned, we agree that they wish to come under the system; and I am willing to take the amendments to conference.

Mr. HUMPHREY. I thank the Senator from Colorado.

Mr. GEORGE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. GEORGE. Mr. President, when this question first arose I looked into the situation so far as funeral directors or morticians were concerned, and found that at that time they were divided on the question of coming under social security. There was then a divided judgment. When the House had this bill under consideration this year funeral directors were included; and again they called on me, through their representatives, having called on me in 1950 and 1951, and stated without exception—these officers who were representative of a large group of funeral directors all over the country—that they were not objecting to being placed under the Social Security Act. They said that the House having put them under the provisions of the bill, they were willing to remain.

Mr. HUMPHREY. I thank the Senator from Georgia.

The VICE PRESIDENT. The question is on agreeing en bloc to the amendments offered by the Senator from Minnesota.

The amendments were agreed to.

Mr. HUMPHREY. Mr. President, I call up my amendments 8–10–54–H, relating to dentists.

The VICE PRESIDENT. The clerk will state the amendments offered by the Senator from Minnesota.

The LEGISLATIVE CLERK. On page 29, between lines 5 and 6, it is proposed to insert the following new subsection:

DENTISTS

(1) Paragraph (5) of section 211 (c) of the Social Security Act is amended by striking out "dentist."

On page 29, line 7, it is proposed to strike out "(1)" and insert in lieu thereof "(m)."

On page 29, line 11, it is proposed to strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (1)."

On page 30, line 3, it is proposed to strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (1)."

On page 108, between lines 24 and 25, it is proposed to insert the following new subsection:

(d) Paragraph (5) of section 1402 (c) of the Internal Revenue Code of 1954 is amended by striking out "dentist."

On page 108, line 25, it is proposed to strike out "(d)" and insert in lieu thereof "(e)."

On page 109, line 1, it is proposed to strike out "and (c)" and insert in lieu thereof "(c), and (d)."

The VICE PRESIDENT. Without objection, the amendments will be considered en bloc.

Mr. HUMPHREY. Mr. President, I have in my possession information, letters, and communications from representatives of the dentistry profession. One of the gentleman who appeared and testified before the Committee on Finance was Dr. Earl H. McGonagle, of Royalton, Minn., who is the president of the Midwest section of the American Dental Association. He spoke very forcefully in behalf of the inclusion of dentists under the terms of this bill. I shall not take too much time on this matter, but Dr. McGonagle, who is a member of very fine reputation and professional competence, makes this general comment in the letter which he has sent to the chairman of the committee:

Members of the American Dental Association house of delegates are usually selected among those who can afford to travel to distant points at their own expense. They are rarely instructed by the State association house of delegates, and when they vote at the ADA meeting there is no record made of the vote of the individuals. The members of the State association whom the delegates are representing have no way of learning how each delegate voted.

Mr. McGonagle points out, for example, since the Senator from Massachusetts is here, that they took a poll in Massachusetts of the dentists in that State and they found that 1,164 were for coverage and 51 were against it. In Minnesota they found out by actual poll of the Minnesota Dental Association that 927 were for coverage and 325 were against. In Oregon, 397 were for coverage and 140 were against.

Mr. HENNINGS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I should like to complete my statement. The house of delegates turned down the old-age and survivors insurance for dentists by a vote of 312 to 64. I yield to the Senator from Missouri.

Mr. HENNINGS. The distinguished Senator is presenting some very interesting figures from the poll. Does the Senator have a poll, may I ask, of all States of the Union?

Mr. HUMPHREY. I do not, I regret to say.

Mr. HENNINGS. If the Senator had such a poll, it would be most helpful if he would ask unanimous consent to have it inserted in the RECORD.

Mr. HUMPHREY. I am going to ask at the appropriate time to have an article on this subject inserted in the RECORD.

Mr. HENNINGS. It would be interesting to see how the States line up on this very important question.

Mr. HUMPHREY. I have just been informed by my legislative aid that only four States took polls on the basis of their State organizations, and I have mentioned Massachusetts, Minnesota, and Oregon. I gave those States because Dr. McGonagle, who is the editor of one of the leading publications and contributor to Oral Hygiene, which is a professional publication, has written an editorial entitled "If You Want Social Security, Tell Your Congressman."

I now yield to the Senator from Colorado, the chairman of the committee.

Mr. MILLIKIN. Mr. President, we have been impressed by the statement made by the Senator from Minnesota, and by other similar statements. I should like to say again that the committee is perfectly willing to bring in

any professional group if there is a clearly demonstrable proof that they want to come in. I think I am voicing the unanimous opinion, or almost unanimous opinion, of the committee when I state that we should not bring in any group unless that group strongly wants in.

We were also impressed with the strong statement opposing coverage of dentists, which was presented on behalf of the American Dental Association during the hearings before the Finance Commitee on this bill. Dr. J. Claude Earnest, vice president of the Association's Council on Legislation, and a member of its House of Delegates, indicated this opposition in the following words:

In 1949, the American Dental Association, through its house of delegates, adopted a policy which opposed the inclusion of self-employed dentists in old-age and survivors insurance. On three later occasions the question of changing that policy has been on the agenda of the meeting and each time it has been voted down, most recently in 1953 by a vote of 312 to 64.

How representative of the opinion of all American dentists was this position? How did the association arrive at this decision? Again allow me to quote from the statement of Dr. Earnest:

The house of delegates functions in a manner similar to Congress. Matters can come before it by recommendation of the association's councils, by resolutions adopted by State societies, or by resolutions introduced by individual members of the House. Any matter before the house of delegates is referred to a reference committee which operates like a committee of Congress. On the subject of OASI well-publicized public hearings were held in 3 separate years. In 1951 the association distributed to dental societies throughout the country complete information kits telling both sides of the OASI story. After all these years of study and discussion the association continues to maintain its position that dentists should be excluded.

Mr. President, I am convinced that we should continue to exclude self-employed dentists in view of the fact that the association's delegates voted against compulsory coverage, not by a simple majority, but by nearly 5 to 1.

I do not say that there are not some spots in some States wherein the picture is different, but we had to take the information from the place we could get it.

I am also convinced that this decision was reached in a democratic manner after extensive efforts had been made to determine the wishes of the majority of the members of the profession.

In view of the wishes of the dental profession as expressed by Dr. Earnest, I urge that the amendment be rejected. I should like to urge that it be withdrawn. I can say to the Senator from Minnesota that whenever it becomes clear that the dentists want to be included in the system, I do not believe I am going too far in saying that I feel quite sure the Senate Finance Committee members will bring them in, or will favor bringing them in. There is no purpose in excluding them, we want to bring people under this system, but we do not want to bring them under it if they do not want to come under it, and if we have to compel them to come in.

Mr. HUMPHREY. I thank the Senator from Colorado.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I gladly yield to the Senator from Georgia.

Mr. GEORGE. I want to add that the committee is anxious for all of the professional groups to come in when they manifest a clear desire to do so. That is the attitude of the committee. At one time we went so far as to put them in under a voluntary system, but there are objections to the voluntary system in a system of compulsory insurance so far as the workers are concerned. Therefore, we abandoned the idea and rescinded a vote that had been taken to put them in on a voluntary system, but with the full understanding that in the case of any profession, be it lawyers, doctors, dentists, or what not, when we have a reasonable showing that there is a clear desire of the majority to come in, we will bring them in. That is the attitude of the committee.

But here is what I arose to say: We all recall the late Senator Hunt, who was himself a dentist and had been president, I believe, of the American Dental Association. In the last days of his life the Senator had a bill prepared to bring the dentists in on a voluntary basis, expressly providing in the bill that whenever the dentists elected to treat their services as a trade or business they might come in. In other words, it was a voluntary system.

Mr. HUMPHREY. Could we take that method?

Mr. GEORGE. Let me explain. Following the death of Senator Hunt, at the request of his assistant, I introduced the bill, and the bill has been here since June 24. I have received, of course, a great many responses to the bill, and all the dentists who wrote me indicated, "We do not wish to be forced in, but we would be willing to come in on a voluntary basis."

At that time, as I say, we were hopeful that we might induce the agency to try out a voluntary system so far as the professions and farm operators were concerned. However, they convinced the committee that the voluntary system would not work. It was too hazardous to undertake to try it. As a longtime advocate of that system, I felt that it might work under certain conditions, but there was one notable example of its failure to work, and that was in the case of Canada. Under a social-security plan much like ours they tried the voluntary system, and it did not prove successful.

I merely call attention to the bill to which I have referred. I do not intend to offer it as an amendment because we abandoned the voluntary basis of coverage so far as the professions were concerned. I call attention to the fact that the late Senator from Wyoming, Mr. Hunt, who was himself a dentist, and had kept in very close touch with his profession, had drawn the bill and I merely introduced it following his death.

Mr. HUMPHREY. Would it not be possible to experiment at least with one area of the professional class, such as dentists? I do not wish to prolong this discussion.

Mr. GEORGE. I am a strong advocate of permitting any group which so desires to enter under the plan, but we were convinced that it would not work. We are experimenting with the idea of having preachers and ministers come under the plan.

Mr. HUMPHREY. Yes; I know that.

Mr. GEORGE. But there are special reasons why we have decided to select them.

The THYE. Mr. President, I wish to comment briefly on what the able Senator from Georgia made reference to, the question of the coverage of farmers. I have received a great number of letters on the subject. I took the question up with the chairman of the committee, the Senator from Colorado [Mr. MILLIKIN], and the committee staff, in an attempt to explore the possibility of having coverage for farmers. After all, farmers are paying a great deal into the social-security fund in the prices which they must pay for the articles which they purchase in their daily or annual farm operations. The chairman made it quite clear to me that some of the farm organizations objected to farmers being covered because they themselves had not solved all their problems. I think I am stating the situation correctly, am I not?

Mr. MILLIKIN. The difficulty has been that organizations sometimes have stated that they were in favor of such coverage, but we have not been able to reach the grassroots and obtain an authentic poll showing that farmers desire to be covered. Once there is evidence that farmers show a strong interest in being covered, they will get coverage. We do not wish to pull them in by the ears, when there is not sufficient strength behind the requests which have come to us to indicate that farmers in overwhelming numbers desire to be covered by social security.

Mr. THYE. A few farmers have written to me. I share the feeling of my colleague. Mention was made of dentists. Quite a number of my personal friends in the dental profession have consulted me. I appreciate the problems with which they are faced. I am glad this discussion has taken place, because it gives us some understanding of the problems involved.

Mr. MILLIKIN. As being of further possible interest regarding the farmer aspects of the problem, members of the committee held a sort of impromptu poll regarding the mail they had received. We received much mail from organizations, but it was very seldom that a letter came from an individual farmer saying, "I want to come in," or "I do not want to come in." Whenever the farmers show in demonstrably clear fashion that they wish to be covered under social security, it is my opinion that they will be covered.

YURI A. RASTVOROV GRANTED ASYLUM

Mr. KNOWLAND. Mr. President, would the Senator be willing to yield to me not to exceed 10 minutes, so that I

may speak relative to a note which was transmitted to the Russian Ambassador this morning by the State Department?

Mr. MILLIKIN. I am happy to yield to the majority leader.

Mr. KNOWLAND. Mr. President, I should like to read a Department of State press release No. 441, which was released at 8 p. m.:

The Department of State today transmitted to the Soviet Embassy a note, the text of which is set forth below, concerning the case of Yuri A. Rastvorov, former official of the Soviet mission in Japan:

"The Secretary of State presents his compliments to His Excelleny the Ambassador of the Union of Soviet Socialist Republics and, with reference to the Embassy's inquiries regarding the whereabouts of Mr. Y. A. Rastvorov, has the honor to inform him that Mr. Rastvorov has requested the appropriate American authorities that he be granted political asylum.

"Mr. Rastvorov's request has been granted and he is now residing in the United States. If the Ambassador wishes to talk with Mr. Rastvorov, he is available for an interview immediately."

The Department of Justice has issued the following statement with regard to the authorization granted to Mr. Rastvorov in connection with his entry into the United States:

"Attorney General Herbert Brownell, Jr., announced today that Yuri A. Rastvorov, the Soviet official who sought the protection and assistance of American authorities, has been granted temporary entry into the United States under the auspices of the Department of State, and is now in this country. The Japanese Government has been kept appropriately advised.

"His entry was authorized under the discretionary powers vested in the Attorney General by the Immigration and Nationality Act.

"Yuri A. Rastvorov has been in consultation with American officials since his arrival in the United States. He has also been interviewed in the United States by Japanese officials."

Attached hereto are copies of the following pertinent documents concerning this matter:

1. Mr. Rastvorov's request for asylum;
2. Biographic information concerning Mr. Rastvorov.

"REQUEST FOR ASYLUM

"I, Yuri Alexandrovich Rastvorov, motivated solely by my own wishes, and for political reasons, hereby request the United States Government for political asylum.

"YURI ALEXANDROVICH RASTVOROV.

"JANUARY 24, 1954."

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point as a part of my remarks the biographical sketch which immediately follows.

There being no objection, the biographical sketch was ordered to be printed in the RECORD, as follows:

BIOGRAPHICAL SKETCH

Yuri A. Rastvorov was born July 11, 1921, in Dmitrovsk, in Central Russia. His parents had one other child, a son who died in infancy.

Rastvorov's mother, who was a physician, died in 1946. His father, an army officer, retired in 1947 with the rank of colonel and was last reported living in Moscow.

Rastvorov attended middle school in Moscow and studied at the Geodesy Institute there.

He was drafted into the army in November 1939 and was assigned to the Institute of Oriental Languages in Moscow the following year. The institute was maintained by the military intelligence division of the Soviet Army for language and other special training for intelligence work in the Far East. Rastvorov was commissioned a second lieutenant in the military intelligence service in 1941.

In February 1943 he was transferred from military intelligence to the secret political police (NKGB) and assigned to the NKGB Intelligence Directorate in Moscow.

He was sent to Japan in January 1946, ostensibly as a Ministry of Foreign Affairs employee but in reality as an espionage agent of the Ministry of State Security (MGB) later in the Ministry of Internal Affairs (MVD). He returned to Moscow in late 1946 and was reassigned to Japan in June 1950. Although performing the same duties as before Rastvorov was now listed as a second secretary of the Soviet mission.

He had the rank of lieutenant colonel in the MVD when he sought sanctuary in the United States early this year.

Rastvorov married Galina Andreyevna Godova in January 1945 in Moscow. They have one child, Tatiyana, born in October 1945.

Mr. KNOWLAND. Mr. President, I now read the translation:

AUGUST 13, 1954.

TRANSLATION OF STATEMENT OF YURI A. RASTVOROV

I wanted to live like a decent human being. I wanted to be treated decently and I wanted to be able to treat other people decently.

It is impossible to live like this under communism. People do not dare treat each other decently or trust each other or speak freely to each other.

In all my life until I came to America I had only one friend with whom I could speak fairly freely without fear. He was killed in the war. I could not even speak freely with members of my own family.

When I was a baby my mother had me baptized. But she was so afraid of what the Communists would do to her for this that she had me baptized secretly. She did not even tell my father.

When I was a child, my grandfather—my father's father—owned a small farm near Orel. He had two horses and a cow. Since he had no one to help him work the farm, he once hired a man to help him get the crops in during the harvest. For this the Communists called him a kulak—a rich peasant—and took away everything he had and made it impossible for him to earn a living any other way.

My mother sent my grandfather bread secretly from time to time without letting even my father find out about it. But my father did not dare do anything to help. He stopped seeing his father. He was afraid that if he did the Communists would punish him. My grandfather starved to death in 1930.

My father had a brother who was an army doctor. He was taken prisoner by the Germans in the Second World War. When he was freed, the Communists sent him—like thousands of others—to a "quarantine" camp to check on his reliability. He was kept there for 3 years. When he was released, I was afraid to see him or have anything to do with him, in spite of the fact that I was extremely fond of him. I was afraid I would be punished if I did, maybe dismissed from government service, because he was under suspicion and always would be for having been in contact—as a prisoner—with the outside world.

This is what life is like under communism. These are the sorts of things communism does to people.

I tried hard all my life to believe in this system but I could not. From the time I began to understand life a little, the things I saw made me feel more and more doubt and bitterness and hatred.

Finally all this—especially after I saw with my own eyes how people live their own lives and how they get along with each other in free countries—made me decide to leave forever a fatherland which the Communists had turned into a concentration camp.

Now I hope I can make a new life in this country, a normal life like the lives of other people. I hope I can become an American like other Americans.

Mr. JENNER. Mr. President——

The PRESIDING OFFICER (Mr. BARRETT in the chair). Does the Senator from Colorado yield to the Senator from Indiana?

Mr. MILLIKIN. I yield.

Mr. JENNER. I wish to state that the Internal Security Committee has been interested in this situation for some time. Since this announcement has been made, as of 8 o'clock this evening, I have been in contact with the authorities of the executive branch of the Government and have requested that our committee be permitted to have Mr. Rastvorov appear to testify in executive sessions and possibly open sessions later. We wish to go into the whole matter of his defection, his reasons therefor, and so forth. I have contacted the authorities and have been assured that that will be allowed.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. HUMPHREY. Mr. President, I should like to complete my statement on the pending amendment. I understand my time has run out, so I will ask the chairman of the committee to yield me sufficient time to enable me to complete my statement.

Mr. MILLIKIN. I will yield. Let us start with 5 minutes.

Mr. HUMPHREY. I wish to ask the Senator this question: Is it not true that the professional groups are included in the House bill?

Mr. MILLIKIN. Yes; on a voluntary basis.

Mr. HUMPHREY. Is it possible this bill may go to conference?

Mr. MILLIKIN. There may be a conference on it.

Mr. HUMPHREY. If it does go to conference, will the Senator keep at least an open mind on the question of including in it the professional group, the dentists, to which I have just referred?

Mr. MILLIKIN. Not on a voluntary basis. We have discussed that question in the committee thoroughly. It was the committee's opinion that to include such a provision would reverse the orig-

inal attitude the committee took, because, based on later information and more mature thought, it was realized that our particular security system cannot be operated on a pick-and-choose voluntary basis.

Mr. HUMPHREY. Mr. President, I should like to ask unanimous consent to have printed in the RECORD an editorial entitled "If You Want Social Security, Tell Your Congressman," written by Dr. Earl H. McGonagle.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

IF YOU WANT SOCIAL SECURITY TELL YOUR CONGRESSMAN

(By Earl H. McGonagle, D. D. S.)

The Congress may mistakenly regard the house of delegates as an accurate barometer of all dentists' sentiments.

There seems to be a discrepancy between the action on social security by the house of delegates of the American Dental Association and the sentiment of the members that it represents. The house of delegates turned down old-age and survivors insurance for dentists by a vote of 312 to 64.

To my knowledge three State associations have conducted reply postal card polls of their entire membership on the subject of old-age and survivors insurance (OASI) for dentists, with the following large majorities favoring it:

	Yes	*No*
Massachusetts	1,164	51
Minnesota	927	325
Oregon	397	140

The totals of these figures are 2,488 yes and 510 no, or approximately 80 percent favoring OASI. It will require a psychologist to explain the action of the delegates, considering this evidence of the true sentiment of their constituents. Perhaps if it had been a secret ballot, instead of a standing vote, the count would have been different. If complete polls were to be conducted in other States it is probable that the results would be similar to those of the three States listed here.

At the meeting of the reference committee on insurance held in the Statler Hotel in Cleveland it was evident that the members of our profession know little about the cost and benefits of OASI. One question directed to the chairman was, "If dentists were covered and one would die leaving a widow and children ages 1 and 3 years, what would the family receive in benefits?" The committee chairman, acting as moderator, referred the question to the attorney, who read a few figures and percentages, but the question was not answered. Anyone who knows anything about it could have given the answer in a minute. The answer is, "From the date of the father's death to the date the youngest child becomes age 18; the widow and children would receive approximately $33,000. In addition, if she does not marry, the widow would receive a lifetime annuity of $63.80 per month at age 65."

AIDS YOUNG MEN

If dentists were covered in OASI, it would ease the anxiety of the young man with a family, who is unable to carry sufficient life insurance for proper protection such as his neighbors enjoy with the additional protection of social security. It would ease the load of older dentists who see their ability to appeal to potential patients slipping. In large industrial areas where the effects of such protection are better understood, you will find that the dentists are most favorable to OASI. Will Rogers once said: "We are most down on that which we are the least up on."

Regardless of what we may think of the social-security program, it is with us to stay. All pension funds are largely financed by passing the cost on to the consumer. Your utility company places a designated amount in its retirement fund and pays its share of the social-security tax, all of which is figured as expense and, along with other expenses, is used as a gage in determining the retail price of its services. When deductions cause the worker's pay check to shrink, he demands a raise to offset the loss, and that, also, is passed on to the consumer. If dentists were included, the social-security tax, the premium on OASI, would become an expense that all dentists must pay, and it would be added to the cost of services produced by every dentist. No one dentist would have an advantage over the other, and each would have to determine his fees with this cost included. Although a minute amount, nevertheless, that is the way it works out. The question is, Can we remain outside the program without being hurt and placing our families in an uncomfortable position? We are paying for OASI indirectly but receive no benefits.

The resolution passed at the 1953 session of the house of delegates simply states that there has been no change in the altitude of the American Dental Association with reference to old-age and survivors insurance and that the organization will explain its position when details of the proposed new law are known. Its position, unchanged, is embodied in the resolution passed by the house of delegates at San Francisco in 1949, which states, "The policy expressed by the 1948 house of delegates is hereby rescinded, and the council on legislation is directed to seek amendments eliminating dentists from any proposals to extend old-age and survivors insurance to the self-employed."

There are already several thousand dentists under OASI through being employed or being self-employed in a side line, and you do not hear objections from them. The remainder may be brought into it without asking for it, as requested by President Eisenhower, but with the house of delegates' overwhelming vote of 312 to 64 against OASI, our Congressmen may hesitate. It is important that Congressmen should be informed of the wishes of the individual dentists, and letters should be written to them without delay.

Mr. HUMPHREY. Mr President, I ask unanimous consent to have printed in the RECORD a letter I have received from the Department of Health, Education, and Welfare in answer to a communication I had received earlier from Dr. C. D. Mitchell, Crookston, Minn., pertaining to coverage of dentists under the old-age insurance program.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
Washington, D. C., July 27, 1954.

Hon. HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: This is in reply to your communication of June 28 with which you forwarded a letter from Dr. C. D. Mitchell, Crookston, Minn., Dr. Mitchell questions the advisability of covering self-employed dentists under the Federal old-age and survivors insurance program.

As you know, H. R. 9366, the bill introduced to carry out the President's recommendations on the old-age and survivors insurance program, was passed by the House of Representatives on June 1, and is now being considered by the Committee on Finance of the Senate. H. R. 9366 as passed by the House would extend old-age and survivors insurance coverage to self-employed dentists and to all of the other self-employed professional groups now excluded except physicians. While the Senate Committee on Finance has not yet issued a report on H. R. 9366, we understand that the committee has voted to continue the present exclusion from coverage of self-employed professional groups.

As Dr. Mitchell points out in his letter, the American Dental Association opposes the compulsory coverage of self-employed dentists under the old-age and survivors insurance program. Opposition to compulsory coverage also has been expressed by several State and local dental societies. On the other hand, many self-employed dentists and several societies have expressed a desire to participate in the program. The results of several polls taken by State dental associations and district societies in 1953 and 1954 were reported at the recent hearings on H. R. 9366 held by the Senate Committee on Finance. The members of the societies which were polled have indicated that they favor old-age and survivors insurance coverage as follows: Massachusetts (95.8 percent), Minnesota (74 percent), Oregon (73.9 percent), New York District No. 1 (88.9 percent), and the Chicago Dental Society (82.6 percent).

Dr. Mitchell may be interested in what President Eisenhower said about the old-age and survivors insurance program in his special message to the Congress on January 14, in which he again urged that the coverage of the system be extended to millions of current workers now excluded and made other recommendations to improve the program. Enclosed is the text of the President's message.

The President's recommendation to include self-employed dentists under the old-age and survivors insurance program was made only after very careful consideration. Moreover, the question of covering this group was given thorough study by a group of consultants to the Secretary of Health, Education, and Welfare. These consultants, who were recognized experts in social security with backgrounds in business, labor, agriculture, and private pension plans, also came to the same conclusion.

There is no doubt but that many Americans may be able to make provisions which, barring personal catastrophes, will provide adequate family security when they die or become too old to work. Yet they, as part of the American society, cannot escape the ill effects which poverty among many other families would have on our whole economy and on our way of life. Old age and death are such universal threats to family security, and therefore to our society as a whole, that the responsibility for protecting society against these common hazards should be universal. Without universal coverage, many persons will have no opportunity to participate in the old-age and survivors insurance program and to provide ecenomic security for themselves and their families; other people may participate for too short a period of time to qualify for benefits. People who are unable to acquire protection under the program against the loss of income due to retirement or death would have to rely in case of need upon public assistance, and the individuals under old-age and survivors insurance would have to bear a large part of the financial burden of the costs of assistance.

In his letter, Dr. Mitchell mentions the amount of life insurance which a person could buy with an amount of money equivalent to his old-age and survivors' insurance contributions. The differences between the kind of protection offered by private insurance and that provided under old-age and survivors insurance are sufficiently marked to make comparisons difficult. Private insur-

ance and social security are basically not competitive, but are complementary to each other. Old-age and survivors insurance, with benefits related to past earnings, is intended to provide a base on which an individual can build his own security through the addition of income from all forms of private savings, home ownership, and private insurance. You may wish to send Dr. Mitchell the enclosed pamphlet on old-age and survivors insurance, as it contains information about the benefits payable under this program.

I trust this information will assist you in replying to Dr. Mitchell. I am returning his letter.

Sincerely yours,

JOHN W. TRAMBURG,
Commissioner.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent to have printed in the RECORD a copy of a letter from Dr. McGonagle, addressed to the chairman of the Committee on Finance [Mr. MILLIKIN].

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 10, 1954.

Senator EUGENE D. MILLIKIN,
Chairman, Senate Committee on Finance,
Washington, D. C.

DEAR SENATOR MILLIKIN: I wish to add the following statement to my restricted testimony presented before the Senate Committee on Finance on July 6, 1954.

First, I wish to call your attention to testimony submitted by Dr. J. Claude Earnest on April 9 and July 6, 1954. In these statements he emphasized the fact that retirement income for dentists was unimportant as most dentists do not retire. Either through insufficient knowledge of details of the OASI program or through willful omission the more important features of protection for the families of young men and the widows of older men were omitted. As you know, if a young man dies leaving a wife and 2 children ages 1 and 3, that the family would receive approximately $38,000 up to the day the youngest child becomes age 18, and then when the wife reaches age 65 she would be entitled to a monthly income of $81.40 for life.

While many dentists do not retire there are many who should, and would if they could afford it. The wife, due to being younger on the average and enjoying a greater life expectancy, usually outlives the husband by about 10 years. At age 65 she would be entitled to a monthly income of $81.40 for life.

According to investigations by two of the leading diagnostic clinics in our country, the most common disease of dentists is "anxiety state." If the young men and the elderly men could enjoy the security referred to above much of this condition should disappear. If dentists are not included in OASI it will probably become more prevalent as the condition called "anxiety state" is caused largely through tension brought on due to a feeling of insecurity.

Members of the American Dental Association house of delegates are usually selected from among those who can afford to travel to distant points at their own expense. They are rarely instructed by the State association house of delegates and when they vote at the ADA meetings there is no record made of the vote of the individual. The members of the State association, whom the delegates are representing, have no way of learning how each delegate voted.

At the last session of the house of delegates in Cleveland when the vote on old-age and survivors insurance for dentists was taken a request for a secret ballot was denied those who requested it. In the standing vote then taken I observed the members of one State delegation voting against it although a complete statewide poll taken by the State association that they represented had approved OASI. I have been informed that other State delegations voted in a similar manner. There seems to be so much pride within the individual delegate that he has not the courage to stand up and acknowledge that he is in favor of OASI even though it is the sentiment of his constituents back home. If the vote in the house of delegates had been done on the voting machine it is very probable that the result would have been quite different.

The statements made by Dr. Earnest that OASI would encourage a dentist to retire at age 65 is absolutely silly. If an elderly dentist cannot earn much more than the retirement benefit of OASI it is time to retire, but if he is still able, and can command enough patients to earn considerably more than the OASI benefits, he would not be encouraged to discontinue his practice. Rather, he would be in a better mental state to continue as he would enjoy the feeling of security due to the protection he and his wife would enjoy under OASI in case it is needed.

Even though there are claims that most dentists oppose coverage under OASI it is not substantiated by complete secret polls that have been taken, as listed in my testimony before your committee.

Your committee likes to please the majority when consistent with the general welfare. If you recommend coverage of dentists in OASI you will please those who openly request coverage, and for those whose pride restricts them from requesting it, you will satisfy most.

At present thousands of dentists are covered through working for other dentists, hospitals, and associations. When a physician or dentist who has been employed by an association like the Mayo Clinic leaves its employ he is no longer covered. Many dentists are covered through operating a business on the side which they can sell or lease at age 65 and receive full benefits of OASI and continue practicing his profession at will. OASI should cover every worker, both employed and self-employed, so that positions can be changed without altering the status under pension setups.

Dentists and their wives were made happy when the House of Representatives included them in OASI. Most of them think they are in, definitely, so you will not hear from many favoring OASI. The American Dental Association, with its facilities, will see that you receive many requests that they be eliminated. Please judge these letters and telegrams with that in mind.

Thank you for consideration of my statement.

Sincerely,

EARL H. MCGONAGLE, D. D. S.

NOTE.—All figures pertaining to OASI benefits are according to the new proposed schedule, and assumes that the average annual income would exceed $4,200.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent to have printed in the RECORD some excerpts from the testimony before the Senate Finance Committee on the subject matter of including dentists under the provisions of the bill.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

STATEMENT OF EARL H. MCGONAGLE BEFORE THE SENATE COMMITTEE ON FINANCE PRESENTED JULY 6, 1954

Mr. Chairman, I am Earl H. McGonagle, of Royalton, Minn. I am a self-employed practicing dentist who has been a member of the American Dental Association, the Minnesota State Dental Association, and the West-Central District Dental Society since 1916. It is my privilege to presently serve as president of the MTW Tri-County Dental Society and am a past president of the West-Central Minnesota District Dental Society. I am also associate editor of North-West Dentistry, the official publication of the Minnesota, North Dakota and South Dakota dental associations. And incidently I am one of the thousands of dentists who are presently covered under the old-age and survivors' insurance program holding social security number 474-34-4887.

This lengthy introduction is given you because I am representing no official body of dentists and want you to understand my background. I wish to plead the case of all dentists who do not agree with the action of the American Dental Association house of delegates in regard to the inclusion of dentists in old-age and survivors' insurance.

I will first present to you evidence that indicates that the majority of dentists do want to be included in the old-age and survivors insurance program. Second, that the vote of the house of delegates and the result of the response to the questionnaires mailed to members of the American Dental Association in 1951 are not conclusive, and third, to explain why dentists are not like physicians economically and should not be eliminated from coverage in OASI just because the physicians have been eliminated by the action of the House of Representatives.

Any polls taken other than in secret and in full coverage are of little value so I will refer only to polls that have been taken in that manner. I can refer you to others that are favorable to OASI but they are not a true and accurate poll of full coverage as I have indicated, and are not of great value.

Three State dental associations have sponsored reply postal card polls of their entire memberships with the following results:

The figures are as follows:

Massachusetts, 1,164 yes, 51 no (95.8 percent yes); Minnesota, 927 yes, 325 no (74 percent); Oregon, 397 yes, 140 no (73.9 percent).

In addition, two large district societies have conducted similar polls.

New York district No. 1, 2,141 yes, 267 no (88.9 percent); Chicago Dental Society, 1,295 yes, 271 no (82.6 percent).

The results of these reply postal card polls are impressive and if other State and district dental associations would conduct similar polls it is probable that results of such polls would be similar to those I have listed. Any reference to States or sections that some claim do not agree with this sentiment of favoring old age and survivors insurance have no such evidence produced by any such polls and statements are made without sustaining evidence.

The questionnaire conducted by the American Dental Association in the year 1951 was mailed to 1 member in each 7 on its mailing list. Replies received on the question of old age and survivors insurance represented only 2,240, less than 3.5 percent of the entire membership. The result was 48.3 percent favoring and 51.7 percent opposing old age and survivors insurance for dentists. It is not known how the other 96.5 percent felt about it. However, this is the only direct contact with its members that the American Dental Association has to guide its action and even it shows a bare majority.

I feel that there is no doubt that a large majority of dentists favor inclusion in this program. In the workings of the American Dental Association house of delegates there is a psychological factor that makes it appear to an outsider that dentists are opposed to it. The delegates rarely go to the

national meetings instructed and are influenced by personalities and situations at hand.

The work required of dentists and their incomes are not similar to that of physicians who were excluded from the OASI program by action of the House of Representatives. A physician can practice his profession as long as he maintains a sound mind. However, a dentist must maintain almost perfect health to carry on his office work, and it cannot be done on a part-time basis, as overhead is high and full time and full speed are necessary in order to continue practice. Many disabilities, such as skin diseases, arthritis, trembling or injured hands, impaired eyes, and a host of other conditions, will render a dentist useless in his office.

To make the old-age and survivors insurance program sound it should include every worker, both employed and self-employed. There are thousands of dentists covered through being employed by other dentists and associations and many through conducting a covered business in addition to his dental practice. I doubt that your committee has received many objections from those covered individuals.

As long as some groups are excluded from this program there will be technicalities that will make it unfair to some, and the innocent families will suffer.

In the interest of the dentists and their families, I pray that your committee will recommend their inclusion in the old-age and survivors insurance program as has been done by act of the House of Representatives.

Mr. HUMPHREY. Mr. President, I shall withdraw the amendment, so that there will not be involved the problem of going to conferenace with an amendment which may not be accepted.

The PRESIDING OFFICER. The Senator withdraws his amendment.

The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I should like to call up my amendment 8–10–54–I.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. HUMPHREY. I ask unanimous consent that the amendment be printed at this point in the RECORD.

There being no objection, Mr. HUMPHREY's amendment was ordered to be printed in the RECORD, as follows:

On page 25, between lines 5 and 6, insert the following new subsection:

"ACCOUNTANTS

"(1) Paragraph (5) of section 211 (c) of the Social Security Act is amended by striking out 'certified public accountant, accountant registered or licensed as an accountant under State, or municipal law, full-time practicing public accountant'."

On page 29, line 7, strike out "(1)" and insert in lieu thereof "(m)."

On page 29, line 11, strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (1)."

On page 30, line 3, strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (1)."

On page 108, between lines 24 and 25, insert the following new subsection:

"(d) Paragraph (5) of section 1402 (c) of the Internal Revenue Code of 1954 is amended by striking out 'certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant'."

On page 108, line 25, strike out "(d)" and insert in lieu thereof "(e)."

On page 109, line 1, strike out "and (c)" and insert in lieu thereof "(c), and (d)."

Mr. HUMPHREY. Mr. President, this amendment pertains to the inclusion of accountants under the terms of the old-age insurance program and the social-security program. I have been consulted by the National Society of Public Accountants. I have been informed that on the basis of a poll of their membership the vote was 4 to 1 in favor of being included. Here, again, is an actual membership which strongly desires inclusion.

I realize the difficult problem the Committee on Finance has with regard to including such professional groups, when there are differences of opinion within a group and within the profession. However, many times in Congress we do not follow the advice of associations on legislative matters. We have not always taken the advice of the American Federation of Labor or the National Association of Manufacturers, or any trade association. Usually we try to make our own decisions.

In this instance, I feel that as we move along toward the consideration of broader coverage of old-age insurance and other benefits under social security we cannot always rely upon the so-called house of delegates of any group or their delegate assemblies.

Considerable evidence has been brought to my attention that the majority numbers in many of these groups are desirous of coverage.

I ask the chairman of the committee what his view is. I should like to have his advice.

Mr. MILLIKIN. Mr. President, it is true that a recent poll of the members of the National Society of Public Accountants shows that they favor coverage under the social-security provisions, but, according to the society's executive director, James E. Keys, a substantial number of the members qualified their ballots by indicating that they favored coverage only if all professions were to be covered. This position was based on the fact that the self-employed accountant seldom retires abruptly at age 65, and normally continues to work as long as he is able to do so.

Therefore, when the committee reached its decision to continue the exclusions in existing law of certain professional groups, we were moved by the considerations stated to make no exception in the case of accountants. We also took into consideration the fact that no member of the profession appeared before the Committee on Finance to request coverage.

I must necessarily urge upon the Senate, in order to coincide with the opinion of the committee and other views expressed here, that this amendment be defeated, if pressed. I hope the Senator from Minnesota will not press it. I hope he will convey to those who have communicated with him the feeling, so far as I can determine it, of the Senate Committee on Finance, that the accountants can come in whenever we receive evidence that they want to come in. I refer to evidence which is not the subject of controversy or dispute.

Mr. HUMPHREY. I respect the judgment of the chairman of the committee. These are most difficult decisions to make.

While I know the position the Senate committee has taken, I am also aware of the position the House committee has taken. If the bill goes to conference there will have to be a little give and take. I hope the Senator may give a little and not merely take. If the Senator will give in a little and take in the accountants and dentists, the junior Senator from Minnesota will be very happy.

In the meantime, in order to make the Senator happy, I shall withdraw my amendment.

Mr. MILLIKIN. I thank the Senator very much.

LABELING OF IMPORTED TROUT—MOTION TO RECONSIDER

Mr. McCARRAN. Mr. President, will the Senator yield so that I may make a unanimous-consent request which must be made today?

Mr. MILLIKIN. I yield.

Mr. McCARRAN. Mr. President, I desire to enter a motion to reconsider the vote by which the Senate yesterday agreed to the amendments of the House to Senate bill 2033 a bill relating to the labeling of packages containing foreign-produced trout sold in the United States, and requiring certain information to appear on the menus of public eating places serving such trout, and I ask unanimous consent that the House be requested to return the bill to the Senate.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. FERGUSON. What bill is S. 2033?

Mr. McCARRAN. The bill has to do with the sale and disposition of imported trout.

Mr. FERGUSON. The trout bill?

Mr. McCARRAN. Yes, sir.

The PRESIDING OFFICER. The motion to reconsider will be entered. Is there objection to the unanimous-consent request?

Mr. McCARRAN. I must have unanimous consent.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. FERGUSON. The Senator from Idaho [Mr. DWORSHAK] is interested in the trout bill. Will the Senator from Nevada state the question again for the benefit of the Senator from Idaho?

Mr. McCARRAN. I desire to enter a motion to reconsider the vote by which the Senate yesterday agreed to the amendments of the House to Senate bill 2033. I ask unanimous consent that the House be requested to return the bill to the Senate. I must do so today or it will be too late.

Mr. DWORSHAK. Reserving the right to object, Mr. President, I should like to have some explanation. What is the reason for this request?

Mr. McCARRAN. I wish to have the Senate consider the amendments which were added by the House, so that they may be modified. The amendments of the House were concurred in when I was not on the floor of the Senate. I wished to make a modification, because the Sen-

ator from Nevada and the people from the State of Nevada are very much concerned as to this industry. A slight modification, I think, will do no harm to the bill.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. McCARRAN. Yes.

Mr. DWORSHAK. There was a concensus of opinion among those in the industry directly affected by the proposed legislation that at this late hour it would be advisable to concur in the House amendments, and not jeopardize final passage of the bill by reconsidering the amendments of the House and forcing a conference.

Mr. McCARRAN. That is the reason I am making the request today, so that we may work expeditiously. In my judgment it will not affect the industry.

Mr. DWORSHAK. I am in somewhat of a dilemma, because I have been advised that the industry directly affected is willing to accept the House amendments. Does the Senator from Nevada have contrary information?

Mr. McCARRAN. Yes; I have.

The PRESIDING OFFICER. The question is on agreeing to the motion that the House be requested to return the bill.

Mr. McCARRAN. It is a unanimous consent request.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. I understood that the Senator from Nevada made a unanimous consent request

Mr. McCARRAN. That is correct.

The PRESIDING OFFICER. The Chair is informed it is possible to put the question on a motion.

Mr. DWORSHAK. Reserving the right to object, will the Senator from Nevada tell us what his proposed modifications are? Is he reflecting the sentiment within the trout industry? The Senator from Idaho was advised that the industry——

Mr. McCARRAN. I am reflecting the sentiments of the industry as it exists in my State. Otherwise I would not make this suggestion If I thought my request would put the bill out of business, I would not make even this suggestion.

Mr. DWORSHAK. Does the Senator realize that he may be jeopardizing the proposed legislation? Does he prefer to take that chance rather than to concur in the House amendments?

Mr. McCARRAN. I would not take the chance if I thought it would jeopardize the final passage of the bill

The PRESIDING OFFICER. Without objection, the request of the Senator from Nevada with respect to the return of the papers from the House is agreed to.

Mr. KNOWLAND. Mr. President, I believe I can give assurances to the Senator from Idaho [Mr. DWORSHAK] and the Senator from Nevada [Mr. McCARRAN]. I understand the amendments proposed to be offered by the Senator from Nevada are not likely to require prolonged discussion, and we shall schedule the bill so that it will not be jeopardized.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old age and survivors insurance programs, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

The PRESIDING OFFICER. The Chair announces that the amendment by the Senator from Minnesota has been withdrawn. The bill is open to further amendment.

Mr. KENNEDY. Mr. President, I call up an amendment which is at the desk, "8–11–54–C," which I have modified, and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 63, between lines 3 and 4, it is proposed to insert the following new subsection:

EXTRA CREDIT FOR POSTPONED RETIREMENT

(j) Section 202 (a) of such act is amended by striking out the second sentence of such section and inserting in lieu thereof the following: "Such individual's old-age insurance benefit for any month after 1954 shall be equal to his primary insurance amount for such month plus one-twelfth of 1 percent of such primary insurance amount for each month (A) which occurs (i) after 1954, (ii) after the day before the first month in which he is eligible for old-age insurance benefits, and (iii) prior to the month in which he files application for old-age insurance benefits, and (B) during which either he is not entitled to any monthly benefit under section 202 or an event specified in section 203 (b) (1) or (2) occurs. For the purposes of the preceding sentence an individual shall be deemed eligible for old-age insurance benefits in the first month in which he is both fully insured and has attained retirement age."

Mr. KENNEDY. Mr. President, this amendment has been modified to change one-sixth to one-twelfth, which has the effect of changing the credit given to a worker who delays his retirement past 65 from 2 percent to 1 percent a year. As the committee knows, we face a problem of equity concerning men and women who reach the age of 65 and who continue to work. They continue to make contributions to the program but receive no benefits, though they would be eligible to receive them.

In addition, many of these men and women when they reach the age of 65 find that their earnings drop. According to the Social Security Administration, the average age of retirement for men is 69 years of age and the average age of retirement for women is 68.

The purpose of this amendment is to give workers who reach the age of 65 an additional incentive to continue to work. The incentive is very moderate. I have changed it to 1 percent of their benefit. It seems to me that would encourage such men and women not to retire at age 65. They have, under the mortality table, 14 years, as an average, ahead of them. This amendment would encourage them to continue to work for a portion of that period, thus aiding their self-sufficiency and our productive economy. It would give them a very moderate incentive and would not be very costly to the program.

I wonder if the Senator from Colorado would be inclined to accept this amendment.

Mr. MILLIKIN. Mr. President, I think the distinguished Senator from Massachusetts is working on a very laudable undertaking. The committee is very much interested in how to keep elderly people working, if they want to work, at employment for which they are fitted.

Mr. KENNEDY. The committee has made a great contribution to this effort.

Mr. MILLIKIN. We are making a study at this time. We have considered many times the problem of the aging continuing to work. We are deeply interested in what the Senator is endeavoring to do. It is a large subject, and it is one that we cannot resolve on the Senate floor.

Also, as the Senator has now modified his amendment, it would add a cost of $250 million a year, and certainly before that occurs it should be carefully studied by the committee. I wish the Senator would not press his amendment. I can assure him of the continued interest of the committee in this subject. We shall be glad to have the Senator come before us when we begin consideration of another social security bill, which is a continuing subject, also.

Mr. KENNEDY. The Senator is correct in his statement as to how much this provision would cost, but as Mr. Myers, the actuary, pointed out before the Senate Finance Committee, it is preferable not to deal in amounts but in percentages. The cost is 0.14 of 1 percent. I have looked at the figures, the high and the low, which the actuaries for the Senate Finance Committee have projected for the next 60 or 70 years. It seems to me that 0.14 percent of 1 percent would not be an excessive drain on the retirement fund. If we take the optimum conditions about which Mr. Myers talked, we find that by the year 2020 there will be $345 billion in the fund. That, I agree, is the optimum. Nevertheless, it indicates that the percentage of drain which I have discussed should not break the fund, and these people could be receiving money for their years of employment from age 65 to age 70 when they continue to work and pay in.

I should like to see them get some compensation, particularly when we are not in a period of massive unemployment, as we were in the thirties, when we were attempting to get people out of the labor market.

Mr. MILLIKIN. I am very sympathetic toward what the Senator is endeavoring to do. The best information I have confirms the cost of $250 million. That is a large sum of money. Considering all the other benefits in this bill, I believe it is a very beneficial bill and involves considerable additional cost.

I suggest that the Senator not press his amendment. Let us make this matter the subject of continuing consideration by ourselves and by the committee. I am sure the Senator will find no lack of interest there.

Mr. KENNEDY. Mr. President, at the suggestion of the Senator from Colorado [Mr. MILLIKIN], I withdraw the amendment.

Mr. MILLIKIN. I thank the Senator very much.

The PRESIDING OFFICER. The Senator withdraws the amendment.

Mr. KENNEDY. Mr. President, I have one more amendment at the desk which I should like to call up, "8–10–54–C," sponsored by the Senator from Rhode Island [Mr. PASTORE], the Senator from Minnesota [Mr. HUMPHREY], and myself. The debate on the amendment will be very brief.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 35, it is proposed to strike out the first 3 figures in column I of the table appearing on such page and insert in lieu thereof "$10 to $12.48."

On page 35, it is proposed to strike out the first 3 figures in column II of the table appearing on such page and insert in lieu thereof "$25 to $30."

On page 35, it is proposed to strike out the first 3 figures in column III of the table appearing on such page and insert in lieu thereof "$35."

On page 35, it is proposed to strike out the first 3 figures in column IV of the table appearing on such page and insert in lieu thereof "$64."

On page 62, line 23, it is proposed to strike out "$30" and insert in lieu thereof "$35."

On page 63, line 3, it is proposed to strike out "$30" and insert in lieu thereof "$35."

Mr. KENNEDY. This is a comparatively simple amendment. The committee raised the minimum from $25 to $30. I am anxious to raise it from $30 to $35. I do not feel it would be an excessive drain upon the fund. I believe it would be of material assistance to those beneficiaries of the old-age and survivors insurance who will receive the minimum of $30 a month. As the Senator from Colorado knows, the average public assistance payment in April 1954 was $51.34. Those who are beneficiaries of the Railroad Retirement Fund, with respect to which the tax is substantially higher, receive $97.75. Civil service retirement beneficiaries in March 1954, average $120, including disability.

The Senator knows that even $35 would not go very far toward maintaining a retired man, particularly with the disabilities which a man over the age of 65 is likely to have.

Therefore, I do not believe that even taking this minimum up to $35 would be a solution to the problem. Nevertheless, even though I appreciate the fact that the committee raised the figure to $30, I believe we should raise it from $30 to $35. Even though that would not be of tremendous assistance to the beneficiary, I think it would lessen the burden on public assistance. Obviously a man cannot live on $30 a month, but must look to other systems, State or Federal, or to other sources of income.

Mr. MILLIKIN. As I see it, we are faced with a very practical problem, which we must consider with respect to anything we do on this subject. The House thought it was making a big improvement in the system when it increased the amount by $5. I do not believe that the House would accept an additional increase. That is the practical problem. It may well be that we may weight this bill down so heavily with amendments that we may find ourselves ultimately with no bill at all, because the House may very well refuse to accept such amendments. As I am informed, the amendment would cost approximately $80 million, which is not a very big figure, comparatively speaking, or as some people would regard it, but neither is it a very small amount.

I suggest that we wait for the development of some experience with the present rates, which I consider to be a little improvement over what they have been in the past. I suggest that we take a little time for observation, to find out how the program will work.

Mr. KENNEDY. According to Mr. Myers, when he testified before the committee, the best basis of figuring costs is as a percentage of payroll, rather than considering the progress of the trust fund. In those terms, the cost of this amendment would be one-twentieth of 1 percent; and if we consider the sound condition of the trust fund and the condition it will be in for the next 70 years, if we take the halfway mark between the low-cost figure and the high-cost assumptions of Mr. Myers, this would not be an excessive drain. Let us instead consider how little $35 must be for the average man to live on, an amount which we realize obviously must be supplemented.

Mr. MILLIKIN. The last thing I would want to do would be to open up for discussion at this time of night the subject of the trust fund. There is a great difference of opinion as to what the trust fund may be used for; not only as to what it may be used for, but also what the proper policy for its use should be. I believe we would encounter tremendous objection in the House in that respect. I know the House feels it went as far as it could go when it took its action in this field, which action the Senate committee adopted.

I have considerable appreciation, of course, for the arguments made by the Senator from Massachusetts. However, I do not want to become involved in doing something tonight which might stymie the whole program.

Mr. HUMPHREY. Is it not true that under the old-age assistance program, considered separately from the old-age insurance program, the Federal Government pays $25 of the first $30?

Mr. MILLIKIN. That is my recollection.

Mr. HUMPHREY. In many States there is an aggregate of old-age insurance payments and old-age assistance payments.

Mr. MILLIKIN. That is correct.

Mr. HUMPHREY. Therefore, actually by raising the old-age insurance payment we would not be spending any more money. Is not that correct?

Mr. MILLIKIN. But each of the two systems rests on a different basis.

Mr. HUMPHREY. That is correct.

Mr. MILLIKIN. If we are to have old-age assistance for as long as we are to have it, we are bound to put it to the needs test, which is obnoxious to me, and perhaps to others also. I do not know of anyone who likes that test.

The point is that in old-age assistance we must meet the need. We do not follow all kinds of philosophies. We find out whether people are in need. Every dollar a person gets in the form of interest on a Government bond, every dollar he gets from the Social Security System, and every dollar he gets from small rental property, or from anything else, has the same value, when we figure the need. When we start to fool with anything else, we destroy the whole philosophy of the system.

Mr. HUMPHREY. I do not believe the Senator and I are in disagreement. I should like to point out that the Federal Government appropriates a rather substantial sum of money every year for the old-age assistance program. I believe it is something like $400 million.

Mr. MILLIKIN. Something like that.

Mr. KENNEDY. One of every eight old-age assistance beneficiaries also receives public assistance.

Mr. HUMPHREY. If we raised the old-age insurance minimum benefits, at least with respect to persons who are the recipients of old-age assistance along with old-age insurance benefits, we would not actually have spent any more money. We would merely have taken money from one fund, to be sure, in larger amounts than was originally contemplated, but the sum total of public moneys that would go to an individual would not be changed.

I also wish to make note of the fact that the old-age insurance fund has been established for the benefit of the people who are covered by that fund. It is not a fund that is to be used for the Department of Agriculture or for the Department of Commerce. It is an old-age insurance fund established for the benefit of the people who are covered under that insurance plan. From all I have been able to gather, the fund, at least in accounting theory, if not in fact—and I think it is so in fact also—is in very good shape. I do not believe that the extra cost of the amendment would be a heavy burden upon the fund, and it may very well relieve the burden upon localities, States, and counties.

Mr. MILLIKIN. That comes back to what I thought we might be getting into when we started to discuss this point. The fund has been collected from people who expect certain things from it. We would be adding additional burdens for which those people did not think they would have to pay.

Mr. HUMPHREY. The benefit under the amendment proposed by the Senator from Massachusetts would go only to the people who are covered by the old-age insurance program. Every person who is covered by old-age insurance hopes that the Government will increase the benefits.

Mr. MILLIKIN. That depends entirely on who gets it and by how much we increase it, and when it becomes available.

Mr. KENNEDY. We are already treating unfairly the people under the fund who are in the higher income brackets, because the fund is weighted in favor of the people in the lower income brackets. We are treating many groups unfairly as compared with other groups.

Mr. MILLIKIN. I have some opinions on that subject which I cannot express publicly.

The purpose of the fund is one of test; that is, whether anything will happen to the bonds which are in the fund, and which are the security of the obligation, because the American taxpayer must buy those bonds. The person who contributed money for social insurance, the social insuree, will also, as an American citizen, have to meet the appropriations with which to buy those bonds.

Mr. HUMPHREY. Mr. President, any time the Senator does not think those bonds are very good, since he seems to be able to look at the social-security system with more insight than the Senator from Minnesota has, I wish he would serve up some of those bonds on a platter.

Mr. MILLIKIN. The point I was making is that those who thought they were buying insurance will find that they will have paid double. They will have paid at the time, and when they get ready to redeem the bonds—and I hope they will be redeemed—they will have to pay their share of the bonds. All of that, of course, argues for the soundness of the bonds.

Mr. KENNEDY. If we take the depressing view the Senator from Colorado takes of the value of the bonds, the fund is already in bad shape. If we take the more optimistic view, it is in very good shape. The very best actuaries of our country can disagree on a prognosis by about $200 billion to zero as to what their prophecy would be as to the shape of the fund 50 or 60 years from now. Inasmuch as the cost of this amendment is one-twentieth of 1 percent, the cost would not seem to me to be excessive, particularly when we consider its beneficial effects in reducing old-age-assistance rolls and expanding the economy.

Mr. MILLIKIN. All I know about the subject is that our own staff says it would cost, as an estimate at the present time, $80 million a year, which is a great deal of money. I hope the Senator will not press his amendment, because I am sure the House would not accept it.

Mr. KENNEDY. I thought we might have a vote on the amendment, because of the general support it has.

Mrs. SMITH of Maine. Mr. President, will Senators speak a little more loudly? I cannot hear what is being said.

The PRESIDING OFFICER. The Senator from Maine requests that the Senators speak more loudly.

Mrs. SMITH of Maine. Will they not take us a little more into their confidence?

Mr. KENNEDY. Mr. President, I agree that the conversation is becoming increasingly intimate, but we have finished our discussion. I will inform the Senator from Maine, because I would appreciate her support, that my amendment would increase the amount of the minimum benefit from $30 to $35, and the cost of it would be only one-twentieth of 1 percent of the public payroll.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senatory from Massachusetts [Mr. KENNEDY] for himself and other Senators.

CORRESPONDENCE RELATING TO CONFERENCE REPORT ON ATOMIC ENERGY BILL

Mr. HENNINGS. Mr. President, It is apparent that the issue of public against private atomic power has not faded since the conclusion of the prolonged debate on the floor of the Senate a few weeks ago. That full-dress and enlightening discussion was, I am sure, largely responsible for the series of Senate amendments in the public interest, which went to conference. Lest, however, the enthusiastic support, which this august body demonstrated for those amendments which have been emasculated by the conferees, has since that time waned appreciably, I ask unanimous consent to have printed a few of the telegrams and messages I have received in recent days criticizing the conference report and insisting on another full debate on the issue at stake.

There being no objection, the telegrams and messages were ordered to be printed in the RECORD, as follows:

JEFFERSON CITY, MO., *August 8, 1954.*
Senator THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

We strongly oppose conference report on atomic energy bill. Hope you will do everything possible to help send bill back to conference with specific instructions that original Senate amendments be adopted.

JULIUS HELM,
Executive Manager, Missouri State REA.

TIPTON, MO., *August 9, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
United States Senator from Missouri,
Senate Office Building:

Hope you will support sending report on atomic energy bill back to Congress with instructions to adopt original Senate amendments. We greatly appreciate your past support.

JACK H. NEEDY,
Manager, Missouri Electric Cooperative, Inc.

CHILLICOTHE, MO., *August 9, 1954.*
Senator THOMAS C. HENNINGS, Jr.,
Senate Office Building:

The $12 million public investment in the atomic energy program justifies more protection than is provided under the conference agreement. Urge your support to further efforts to secure approval of amendments formerly approved by Senate.

ERNEST C. WOOD,
Manager, Farmers Electric Cooperative.

BUTLER, MO., *August 9, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

Important that Senate amendments be left in atomic energy bill. Your support to such an adoption by the conferees is requested.

OSAGE VALLEY ELECTRIC CO-OP ASSOCIATION,
J. F. LAUDERBACK, *Manager.*

COLUMBIA, MO., *August 10, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

The Missouri Farmers Association, in convention yesterday, adopted the following resolution on atomic energy:

"Only through an abundant source of low-cost electric power can the people continue to expand our economy and maintain and raise our standard of living. Only the Federal Government can finance the full and effective development of our hydroelectric resources, which resources are the property of all the people. Atomic energy, developed at a cost to the Federal Government of $12 billion, is another great resource for development of electric power. We deplore the efforts to turn our hydroelectric power projects and our atomic energy developments over to a handful of private power monopolists for exploitation, and call upon Congress to resist these efforts.

Keep up the good fight.

FRED V. HEINKEL,
President, Missouri Farmers Association.

WASHINGTON, D. C., *August 6, 1954.*
Senator THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

Believe compromises made in atomic energy bill in conference defeat all major gains you fought so hard for in Senate debate. McMahon Act should not be superseded by bad legislation. Sincerely and strongly urge you oppose conference report.

WALLACE J. CAMPBELL,
Cooperative League of U. S. A.

SCOTT-NEW MADRID-MISSISSIPPI ELECTRIC COOPERATIVE,
Sikeston, Mo., August 2, 1954.
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.

DEAR SIR: The Senate amendments to the atomic-energy bill seemed to be more favorable to the rural-electrification bill than the original draft.

After the conference committee passes the bill back to be voted upon for final passage, we believe all the Senate amendments helpful to the REA program should be left in the final draft of the bill.

Please use your influence along with continued support as you have in the past in our behalf.

Yours truly,

ELON PROFFER,
President.

CAMERON, MO., *August 9, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
United States Senator:

Would appreciate your support in returning atomic energy bill to conference asking for adoption of original amendment.

JOHN E. BUCK,
President, Northwest Electric Power Co-op.

POPLAR BLUFF, MO., *August 9, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building:

Respectfully request your support in sending atomic energy bill back to conference with instructions to adopt original Senate amendment.

M. AND A. ELECTRIC POWER CO-OP,
JAMES W. OWNES, Jr., *Manager.*

WASHINGTON, D. C., *August 10, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

Urge you vote to recommit atomic energy bill with instructions to conferees to insist on Senate amendments in regard to compulsory licensing of patents and adequate safe-

guards on preference rights of rural electric cooperatives.

JAMES G. PATTON,
President, National Farmers Union.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. HENNINGS. Mr. President, I call up my amendment 8–6–54–D, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Missouri.

The CHIEF CLERK. On page 136 it is proposed to strike out lines 16 through 21, and insert in lieu thereof the following provision:

EXTENSION OF PROVISION RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, 81st Cong.) is amended to read as follows:

"(b) The provisions of subsection (a) shall be effective on and after October 1, 1950."

Mr. HENNINGS. Mr. President, I am glad to have joined with me as cosponsors of this amendment by colleague, the junior Senator from Missouri [Mr. SYMINGTON], the distinguished senior Senator from Pennsylvania [Mr. MARTIN], and the distinguished junior Senator from Pennsylvania [Mr. DUFF].

Mr. President, this amendment relates to the blind. It would charge section 344 (b) of the Social Security Act Amendments of 1950 so as to make the provisions of section 344 (a) of that act applicable without limitation as to time. At present the time limit on section 344 (a) is June 30, 1955, approximately a year from this time. The bill passed by the House of Representatives and reported by the Senate Finance Committee would retain a time limitation but would extend it for 2 additional years, until June 30, 1957.

The Social Security Act now permits maximum earnings of $50 a month to be disregarded by the State agencies for the blind in determining whether blind individuals are entitled to assistance under the Federal-State program. My own State of Missouri, and the State of Pennsylvania as well, have long had laws which permit blind recipients of aid to have approximately $1,100 a year in other income and still be eligible for assistance.

Before the enactment of section 344 (a) of the Social Security Act Amendments in 1950, it had been held that Missouri and Pennsylvania could not receive Federal money even for those recipients who had no other income because the States also wished to grant assistance, out of their own funds, to some blind people while permitting them to have income in excess of the amount allowed under the Federal law. The question of States' rights is involved, as well as what we consider fair treatment for the blind people of the States of Pennsylvania and Missouri.

Earnings up to $1,100 do not seem to me, nor do they seem to the people of my State, as exemplified by our State law, to be unduly high. From what I have learned in conversations with the distinguished Senators from Pennsylvania, it does not seem to the people of Pennsylvania that $1,100 is unduly high.

In my opinion, it is only fair and proper that we should be permitted to retain this standard permanently, provided that only State funds are used for payments to individuals who do not qualify under the more restrictive conditions required for Federal assistance.

The Federal law provides $600. We believe that $1,100 is not excessive for the blind to receive as income in order to come under the State provisions. In our State we are very happy to make this additional contribution to our blind people. We do not believe that the blind people who fall within the $600 limitation should be excluded, because all the blind in our State do not come under that $600 limitation. We feel that our State is advanced and is perhaps considerably more enlightened on this question than are some other States.

The enactment of section 344 (a) made these States eligible for Federal assistance for aid payments to blind individuals who meet the income limitations imposed under the Federal program. At the present time, the Federal Government shares in payments of assistance to almost two-thirds of those receiving aid in Pennsylvania and slightly more than three-fourths of the number of blind recipients in Missouri.

The States bear the entire cost of assisting those who are not eligible under the Federal program. Of the total expenditures for aid to the blind in these States in 1953, Pennsylvania bore 63.7 percent of the cost and Missouri bore 53.2 percent. In neither State was one Federal dollar used to pay aid to any individual who did not meet the stringent eligibility requirements of the Federal law. The effect of the time limitation in the present law, and also in the amendment proposed by the House and the Finance Committee, is that States which have entirely State-supported programs more beneficial to the blind than those in which the Federal Government participates, will be penalized after a specified period of time by the withdrawal of Federal funds.

Mr. THYE. Mr. President, will the Senator from Missouri yield?

Mr. HENNINGS. I shall be glad to yield in a moment. I am speaking under a limitation of time.

I believe, Mr. President, that the present situation is unjust both to the States and to the blind individuals in need of assistance.

Mr. THYE. The question which occurs to me is whether the situation in Missouri and Pennsylvania is different from that in any other State of the Union? What is the situation in those two States?

Mr. HENNINGS. I have undertaken to state the difference.

Mr. THYE. I realize that, but what is the difference?

Mr. HENNINGS. In Missouri, State assistance to the blind who get over $1,100 a year from State funds.

Mr. THYE. But the question is, What is the situation in other States? Is it entirely different, or is the situation in Missouri and Pennsylvania percentagewise greatly different from the situation in other States? I was trying to get clear in my mind what might be the situation in Massachusetts for example.

Mr. HENNINGS. I do not know what the situation is in Massachusetts. Perhaps the distinguished chairman of the committee could help me by answering that question.

I am concerned with the problem in the States of Pennsylvania and Missouri. I know that in those States a more liberal view of the matter is taken. We are willing to do more for our blind in those States, but we are not asking for any more Federal money.

Mr. THYE. But this is an amendment to a Federal law. I wanted to be certain how the amendment would affect other States in the Union.

Mr. HENNINGS. It would have no effect whatsoever on any of the other States.

Mr. THYE. Other than Pennsylvania and Missouri?

Mr. HENNINGS. I now think I see the point which my good friend from Minnesota was undertaking to make. I am sorry for not having been more responsive to his question. I should like to be corrected by the distinguished chairman of the committee if I am in error.

I can see no way in which this amendment would affect other States of the Union.

Mr. MILLIKIN. I think it offers some special treatment which is not available to other States in the Union.

Mr. HENNINGS. Prior to 1950, Missouri was required to meet the Federal standard of not giving State aid, upon the pain of not getting Federal contributions, where the amount earned per year was in excess of the Federal criterion. Am I not correct?

Mr. MILLIKIN. The Senator is asking for Federal aid in the case of the States of Missouri and Pennsylvania, which do not comply with the requirements imposed upon other States. With the thought in mind of enabling the States to get the matter straightened out, we have given time, or have been willing to investigate and give more time. I understand the Senator desires the same thing, but he wants it permanently.

Mr. HENNINGS. That is exactly right. I hope to answer the Senator's point later, as I go into a discussion of the amendment which has been offered, and which we believe is sound from the standpoint of administration and the standpoint of simple justice. We believe it is fair to the States of Missouri and Pennsylvania, and that it is fair to the Federal Government. It provides for these States nothing more than equal treatment with other States. But it removes the sword of Damocles which now

hangs over them. I strongly feel that the amendment should be agreed to, so that these States may proceed upon a long-range basis.

Aid to the blind is more generous and liberal in Missouri and Pennsylvania than that which has been permitted under the Federal law. We believe that broad and worthwhile State programs of assistance to the blind ought to be encouraged and helped by the Federal Government, rather than having their development discouraged and hampered.

In asking for the complete elimination of the time limitation on the 1950 amendment, Missouri and Pennsylvania are not asking for special treatment permitting them to use Federal funds for purposes not authorized in other States. They are merely asking for equal treatment in claiming a right to receive Federal contributions to blind people admitted by everybody to qualify under authorized Federal-State programs.

Since Congress itself, in the 1950 Amendments Act, established the principle that blind persons receiving aid ought to be allowed to earn up to $600 a year, it is very hard for us to understand why the Federal Government should deny funds to Missouri and Pennsylvania because, at their own expenses, those two States have extended this principle to include blind persons in distress, or who earn up to $1,100 a year.

Missouri and Pennsylvania have, through their State-financed programs, kept alive hope and opportunity of better lives and the achievement of self-support for all their blind people. Assisting blind individuals to rehabilitate themselves and make their contributtion to society by enlarging their economic opportunities through reasonable exemptions of income and accumulations of property is an objective which ought to be at the foundation of all aid programs for the blind. Programs of assistance should not help only blind persons in distress, but should help them to get out of distress.

In answer to the suggestion made by the chairman of the committee, that we have been given some time to straighten ourselves out, as he put it, we have not viewed the situation in that way, but have interpreted it as an indication that this is unduly restrictive discretionary action by Federal administrators; and the promise by Congress, as we interpret it, is a promise of action before 1955 to clarify the rights of the States to be free from interference with State programs where no Federal funds are involved, as in this case.

We believe it is very important that action be taken now, because the principle remains the same, whether it is adopted now or in the future. The sooner this question is decided, the better it will be for everyone concerned.

The important issue is whether Federal funds are to be used as grants-in-aid to assist States to raise their standards, or are to be used to coerce States into lowering their standards as affecting blind persons within their boundaries.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. MARTIN. I appreciate very much the fine manner in which the distinguished Senator from Missouri has presented the case. We of Pennsylvania are fully in accord with what he has said.

Mr. HENNINGS. I thank the distinguished Senator from Pennsylvania.

Mr. MARTIN. I am certain the case could not have been better presented. We believe that this is an important issue, and that our States are entitled to relief.

Mr. HENNINGS. This proposal will not cost the Federal Treasury 1 cent. We believe that our program for the blind is an enlightened one, and that we should not have to pay a penalty because we are ahead of other States. We believe we should be entitled to have $1,100 a year for our blind. We are not relinquishing the position we have taken on behalf of our unfortunate citizens.

Mr. MILLIKIN. Mr. President, the committee gave careful consideration to the proposal contained in the amendment offered by the Senator from Missouri, under which Federal grants to certain States having aid-to-the-blind programs which do not meet the needs test provision of Federal law would be made permanent. It was the decision of the committee to provide another 2-year extension rather than a permanent extension, so that the present practices in administering aid to the blind in Pennsylvania and Missouri could be continued and in turn ample time would be allowed for further study on which to base a final determination.

That has already been decided upon and is in the bill. Missouri and Pennsylvania are not under any present need. They have 2 years in which to adjust their plans in accordance with those of the Federal Government.

By extending the expiration date from June 30, 1955, to June 30, 1957, as is provided in H. R. 9366, the States of Pennsylvania and Missouri would be enabled to carry out what is in effect two aid-to-the-blind programs—one under which payments to recipients would be matched by Federal funds because the need-test requirement of Federal law would be met and the other would be financed without Federal funds because the Federal requirement relating to need was not met.

To make the provision permanent at this time, as proposed by the Senator from Missouri, would be to say that the States of Pennsylvania and Missouri should continue for all time to receive special treatment that is not available to other States. In opposing this amendment, it is my thought that before June 1957, the Congress would have an opportunity to determine whether the practices in Missouri and Pennsylvania are sound and should be extended to the rest of the States. On the other hand, if the practices are found not to be sound, then Pennsylvania and Missouri should be required to meet the same conditions as are met by the other States.

I do not purport to judge what the final decision should be. I urge that the defeat of the amendment to H. R. 9366 would give ample protection to the two States now administering aid to the blind programs without a needs test. By June 30, 1957, we shall be in a better position to determine whether or not this special provision should be made applicable to all States or whether it should be deleted from the Federal law governing aid to the blind programs in which the Federal Government participates.

Mr. HENNINGS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Missouri.

Mr. HENNINGS. Do I correctly understand the distinguished Chairman of the Finance Committee to suggest that it is possible that the Federal Government may conclude that the Pennsylvania and Missouri plans are supperior to those of the other States which are now under the plan?

Mr. MILLIKIN. They might conclude that after study; and if so I have made the suggestion then that this privilege should be open to all the States, and it should be the privilege of all of the States. At the present time we are preserving the position of Missouri and Pennsylvania by keeping it open so they can follow what they are doing for another 2 years at least and give them time to make adjustment if they want to make adjustment, and at the same time give the Federal Government a chance to determine whether it wants to give the same sanction to all States.

Mr. HENNINGS. May I ask the distinguished chairman another question in that connection? If Missouri starts to make its adjustment downward, to go from $1,100 to $600 in order to meet the requirements of the act, and if after this study which the distinguished chairman of the committee suggests be made the Federal Government decides to go up to $1,100, if Missouri is working down and the Federal Government is going up, we are adjusting to something which it has been suggested may work out entirely different, so that while we are going down the Federal Government is going up.

Mr. MILLIKIN. That simply emphasizes the difficulty, one runs into when one carves out 2 States from the 48, and puts them into a special position.

Mr. HENNINGS. Is this program costing the Federal Government any money?

Mr. MILLIKIN. I am not complaining about that situation on a temporary basis. During such a period we should be liberal, and we are liberal because we have advanced the time for 2 more years, but all the effects that the Senator is talking about result from that separate, peculiar situation in 2 States of the Union, which may be sound.

Mr. HENNINGS. That is true, because our States are more liberal.

Mr. MILLIKIN. If it is sound it should be available to all of the States.

Mr. HENNINGS. I ask the chairman this question for my own enlightement: It is true, is it not, that under this system the blind who do not come within the category required under the Federal provisions do not get any money or the benefit of any participation in Federal funds?

Mr. MILLIKIN. I take it the Senator's State does have a State system.

Mr. HENNINGS. We do have a State system. I am speaking of the Federal contribution.

Mr. MILLIKIN. If the State does not comply with the Federal requirement, the State does not receive Federal funds, and if the State feels that it is able to do so—and I assume it does—the State has another system in which the State manages its own rules and regulations. My sole point is that if the system in the Senator's State is a good one, let us extend it to the 48 States rather than carve out 2 exceptions for 2 of the States, and accommodate the peculiar situation which those 2 States find themselves in.

We do not say, "Off with your necks," but we have twice extended the period so that the State could change if it wanted to and so that the Federal Government could change if it wanted to.

Mr. HENNINGS. Of course, it is most desirable from our standpoint to change if we must change, and to know what we must do, but I am always greatly encouraged by the Senator from Colorado to know that the Federal Government has been studying this problem for 4 years.

Mr. MILLIKIN. I probably made a misstatement. We have extended it for 2 years, which indicates it was before us for the first extension of 2 years, and it was before us this year, and I have no doubt that so long as those two States are as ably represented as they are at the present time we will hear from those States again next year and the following year, and I hope we do.

Mr. HENNINGS. I suggest that we will not give up hope. At least we have the mental hospitality of the distinguished chairman of the committee. I feel that he will entertain our suggestions, as will the other members of the committee when the time comes.

Mr. MILLIKIN. The Senator has my mental hospitality; and I am deeply grateful for the Senator's remarks.

Mr. HENNINGS. I appreciate very much the spirit of cooperation which the distinguished chairman of the committee has given to all of us in that connection. This is not an easy problem. It is a very difficult one. I wish to make it clear that our State is not seeking anything more from the Federal Government. We are simply contributing more out of our own State funds to our own State program, and want to be included insofar as the other States are included and with relation to the same criteria as apply to the other States insofar as concerns the contributions to those who are below the criteria.

Mr. MILLIKIN. I thank the Senator very much.

Mr. HENNINGS. I thank the distinguished chairman.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. HENNINGS].

The amendment was rejected.

Mr. JOHNSTON of South Carolina. Mr. President, I call up my amendment 8–12–54–C and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 104, between lines 7 and 8, insert a new section as follows:

SEC. 115. (a) Section 216 (a) of the Social Security Act is amended by striking out "sixty-five" and inserting in lieu thereof "sixty."

(b) The amendment made by this section shall be effective in the case of monthly benefits under title II of the Social Security Act for months after August 1954, and in the case of lump-sum death payments with respect to deaths occurring after August 1954.

Mr. JOHNSTON of South Carolina. Mr. President, the purpose of this amendment is to reduce the eligibility age from 65 to 60, so that our citizens who have reached the age of 60 and who can qualify will be eligible to receive monthly benefits under title II of the Social Security Act. The same principle would also apply in the case of lump-sum death payments. During the past several months thousands have been laid off, especially in the textile plants, and these people have been unable to secure employment.

As Senators are aware, it is very difficult for one to secure suitable employment after a person reaches the age of 60. From my knowledge of existing conditions, I feel that this amendment is very much needed.

To call attention to what is taking place in the cotton mills of South Carolina, I might say we have approximately 160,000 people employed in the industries of my State. Having worked in the cotton mills, I know exactly what they have to do, and what they have to contend with. Let a man or a woman reach age 60, and thereafter it will be found that he or she cannot maintain the production that a younger person can. To illustrate my point, I will state what they must do.

In the weave room, the weaver will probably operate some 26 or 30 looms or more. They must walk up and down continuously all day long, and they do not have any place to sit. They must continue walking. One can imagine how long a person who reaches 60 is going to last doing that. Therefore, at the first opportunity the operators of the mill find something wrong, and these people are laid off. They cannot come in under the social-security system until they are eligible by reason of age. The situation is causing a great many people to be out of employment. They cannot obtain coverage because they did not go to work when they were 20, but went to work when they were 11 or 12, or 13 or 14 years of age. I know from my own knowledge because I went to work in the cotton mills when I was 11 years of age. There are others who went to work at ages even younger than that in those days.

To give an idea as to how many people it would cover, according to the Statistical Abstracts of the United States, 1953, there are the folowing age groups in the United States 60 years of age and over:

In the age group of 60 through 64, up to age 65, there are 6,059,475 people. We know, of course, that even in the age group up to 65 a great many people will continue to work. That does not mean there will be 6 million people on the rolls, although of course, that many people would be eligible. If there were that many people added to the rolls, it would represent a cost of more than a billion dollars, but that situation would not occur. In certain industries workers lose out more than in other industries, however.

We know that in some industries elderly people can continue to work, but in other industries it is almost impossible for them to do so.

In the age group of from 65 to 69 there are 5,002,936 people. At the present time more than 3 million people are working at that age. That statement does not mean that they all come under social security. Only a small percentage of those people have been covered in the past.

We find, also, that as the age groups go up the figure as to workers employed goes down.

According to these statistics we have 18,329,012 people who are above the age of 60. Of course, all the citizens I have mentioned will not qualify, but something must be done to take care of this situation, because those people are not going under old-age assistance when they are out of employment. Probably each person has a daughter or somebody else in the family working, which disqualifies him for drawing benefits under old-age assistance.

I know at this time the bill under consideration covers other matters. It is possible the chairman of the committee will not think it is advisable to attempt to include this matter. However, I desired to call it to the Senator's attention, and in the future I hope the Senate will provide something along this line.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MILLIKIN. The purpose of the amendment is most laudable. As long as I have been around the Capitol and have been on the Senate Finance Committee, we have hoped that we could reduce the age requirements. However, the cold fact of the matter is that the way the system is set up and the way we can picture the system as being set up in the reasonably near future, at least, to provide such coverage would cost too much to be practicable

Mr. JOHNSTON of South Carolina. Mr. President, may we have order, please. I cannot hear the Senator.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MILLIKIN. Let me repeat. I think the Senator's solicitude for the people of that age group is very commendable, and is shared by the members of the Senate Committee on Finance. However, as long as I have been on the committee we have always considered the question of age whenever we have considered a social security bill What is the correct retirement age? How much can we pay? When shall the payments begin?

This suggestion, I most respectfully say, involves a very exorbitant cost. On a level premium basis, the cost would be 2¼ percent of the payroll. The actuarial estimates disclose that if the age requirement were dropped to 60 years the expenditures in the first year would be increased by $1.5 billion or $2 billion.

The adoption of this amendment would mean that the ultimate combined tax rate would have to be about 10½ percent of the payroll, instead of the present estimate of 8 percent.

Therefore, I say to the Senator that even recognizing how laudable his purpose is, no one has been able to figure out a system which will be able to carry that cost at the present time.

Mr. JOHNSTON of South Carolina. Is there any method which can be worked out to cover the situation of a person who cannot secure employment, after reaching the age of 60? Assume the person is disabled for work. Would there be any way to include one in that category?

Mr. MILLIKIN. I believe that would open up a vast field. I do not say it could not be figured out, but I think we would have to consider much larger questions, which would divide the Senate very severely. That matter may be well worth going into, but we cannot do it here.

I hope the Senator will not press his amendment, because I know it would not be accepted by the House, and I do not believe it is practicable as of this time.

Mr. GEORGE. Mr. President, will the Senator yield for a suggestion?

Mr. JOHNSTON of South Carolina. I yield.

Mr. GEORGE. It is very easy to think of a $19 billion fund, which is constantly increasing in amount, as being no burden on the Treasury. That is true in a sense, because this trust fund is collected for the benefit of the beneficiaries or those who may become beneficiaries of it.

However, I call the attention of the Senator to the fact that now, in view of the present condition of the Treasury, if we made a change in the social security law which would cost about $1½ billion or $2 billion, we would have to obtain the money some place. The Government's bond is in the fund. The Government will have to pay its bond.

The total revenue which is now available to the Government would be reduced if such a change were made in the law. When we begin to reduce it by such a sizable amount as $2 billion—and that is about what this would cost; from $1½ billion to $2 billion—with the Treasury in its present condition, that action would detrimentally affect our financial stability.

It may be that we ought to take such action. Maybe we should not have the trust fund; but we have it. The fund is not composed of money. The money would have to come from some other source for the time being.

I invite the Senator's attention to that fact. I have long worked toward reducing the retirement age in the case of women to 60 years. I thought men might very well work somewhat longer, but I felt women should be allowed to retire at the age of 60. I still believe we ought to work toward that end. At this time, however, when the Government is availing itself of all the funds at its command, and has merely IOU's out for those funds, if we are going to make a change in the system which will cost $1½ billion or $2 billion, it seems to me we had better be slow about it and that we should wait until we improve the condition of the Treasury.

Mr. JOHNSTON of South Carolina. I realized the cost when I offered the amendment, but I thought, when we were sending billions and billions of dollars overseas for other people, we certainly ought to be looking out for our own people here at home who are in need. That is my opinion. That is the only reason I have advocated anything like this. If we could not cut off the billions of dollars for aid for people who are not even giving us anything in the United States, it seems to me we could provide something for our own people here at home.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. JOHNSTON].

The amendment was rejected.

Mr. STENNIS. Mr. President, I call up my amendments designated "8–11–54–D."

The PRESIDING OFFICER. The clerk will state the amendments.

Mr. STENNIS. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with and that the amendments be included at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by Mr. STENNIS are as follows:

On page 3, beginning with line 3, strike out all through line 20.

On page 3, line 21, strike out "(5)" and insert in lieu thereof "(3)."

On page 4, beginning with line 3, strike out all through line 6.

On page 29, line 14, strike out "(1), (2), and (3)" and insert in lieu thereof "(1) and (2)."

On page 29, line 16, strike out "paragraphs" and insert in lieu thereof "paragraph."

On page 29, line 17, strike out "(4), (5), and (6)" and insert in lieu thereof "(3)."

On page 114, beginning with line 10, strike out all through line 18.

On page 114, beginning with line 23, strike out all through page 115, line 13, and insert in lieu thereof "SEC. 204. (a) Section 3121 (b) of the Internal Revenue."

On page 115, line 20, strike out "(c)" and insert in lieu thereof "(b)."

On page 119, line 9, strike out "(d)" and insert in lieu thereof "(c)."

On page 119, line 14, strike out "(e)" and insert in lieu thereof "(d)."

On page 119, line 15, strike out "(c) and (d)" and insert in lieu thereof "(b) and (c)."

On page 119, line 17, strike out "subsections (a) and (b)" and insert in lieu thereof "subsection (a)."

On page 120, line 2, strike out "(8) (B)."

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Mississippi [Mr. STENNIS] will be considered en bloc.

Mr. STENNIS. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Mississippi is recognized for 10 minutes.

Mr. STENNIS. Mr. President, these amendments together propose to restore the present law with reference to farm workers. The House bill contained certain provisions with reference to farm workers which added approximately 1,300,000 persons. The Senate bill has another provision for farmers which adds approximately 2,500,000 persons.

I oppose the trend of adding people to the social security system, not by the thousands or hundreds of thousands, but by the millions. Certainly with reference to some of these groups, we are adding to a roll which will become a pension roll, and the Federal Government will have to finance a great percentage of it.

Here in one breath we are adding 2½ million people to these rolls who in time will become eligible for at least partial pensions. The basic concept of the social security system is that it is primarily for industrial workers, and I do not believe it is supposed to include great groups of people who are situated as this group is situated.

I find that there is some difference of opinion, in the first place, as to whether or not a tenant farmer, a man who leases the land, is covered by the Senate bill. I should like to ask the chairman of the committee for his opinion whether or not the provisions of the Senate bill cover a leaseholder, that is, a man who rents 50 acres or 100 acres of land. He leases the land for a year.

Mr. MILLIKIN. He is not covered, sir.

Mr. STENNIS. Under the definition of the Senate bill, is he covered?

Mr. MILLIKIN. Does he rent the land?

Mr. STENNIS. He rents it for a year. To that extent he is a leaseholder.

Mr. MILLIKIN. He is not covered if he is a renter.

Mr. STENNIS. I am glad to hear the Senator make that statement. I understood there was some difference of opinion as to whether or not the Senate bill covers a man who is renting the land, whether he is called a leaseholder, a sharecropper, or whatever he may be called in the common terminology.

I understand that one of the attorneys for the Social Security Board was of the opinion that farm tenants were included in the coverage.

I raise that point to show that there has been some uncertainty about it.

Mr. President, as I said, workers are being added to the rolls by the hundreds of thousands and even by the millions. To qualify, an individual has only to earn as much as $50 within one quarter. Under the present law he has to be regularly employed for one quarter, and when that quarter is up he becomes eligible for the first time to be on the rolls. In the second quarter he has to earn as much as $50 and has to work, I believe it is

provided, as much as 60 days during that quarter.

According to the report, about the only real reason assigned for changing the law is the difficulty of keeping the records. The Senate committee report contains this sentence:

In general, after a farm worker has worked for one employer continuously for an entire calendar quarter, he is regularly employed in succeeding quarters if he works for that employer on a full-time basis on at least 60 days during the quarter.

In other words, the present law does not take in all the migrants who ramble around over the country and work a little here and there, here today and gone tomorrow.

Reading further, the report says:

Records must be kept over a substantial period before it is clear whether or not an individual is covered.

The Federal law makes it rather severe on the employer and holds the employer responsible for knowing whether or not the man was employed during the preceding quarter, and when he meets the requirements. But this onus is certainly not sufficient reason to add 2½ million more to the rolls, merely to avoid bookkeeping.

Mr. DANIEL. Mr. President, will the Senator yield?

Mr. STENNIS. In a moment.

The report further says:

The bill—

Meaning the Senate bill—

would substitute a simple coverage test for the present test—

Meaning that under this law the bill would give a simple coverage test, and that is about the only real justification.

I am now glad to yield to the Senator from Texas.

Mr. DANIEL. Does the Senator mean to say that under the bill which is now before the Senate, anyone is eligible for coverage who earns as much as $50 during a quarter?

Mr. STENNIS. The Senator is correct. I read from the report:

A farmworker would be covered with respect to his work for an employer if he is paid at least $50 in cash wages by that employer in a calendar quarter.

It is a fact, Mr. President, that the only thing a person has to do to qualify and to be covered under this law is to earn the relatively small sum of $50 during a 90-day period. He then comes under social security coverage. That kind of worker is not going to pay any of the cost. The entire burden will fall on the employer. He will be the only one who will be responsible.

I submit in all seriousness that for such a small charge, such a small contribution, such a little showing on his part—and actually he will not pay anything—it is not fair to those who are already in the social security system, who have paid into this fund, and who have a vested interest in it, to put the name of such a person on the list so in the future he will have in many respects the same vested rights as those who are regularly employed and are making regular payments.

I submit to the Senate that this is a matter of keeping faith with those who are already on the rolls, who are making contributions, and who are making this fund work. I believe it is such additions as this which will eventually trip up this program and cause it to become unsound financially. When that happens, it is automatically converted into a pension system.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield.

Mr. JOHNSTON of South Carolina. If it be true that the worker must earn $50 in a quarter, or 90 days, how much would he receive each 90 days after he was 70 years of age?

Mr. STENNIS. The Senator from Mississippi does not have that figure at hand.

Mr. JOHNSTON of South Carolina. The Senator will find he would draw at least $30 per month, $90 each quarter. I think that is true.

Mr. STENNIS. That is a very good point, indeed. By the comparison between those figures, the Senator from South Carolina has brought out in very vivid form, in actual dollars and cents, just what the situation would be.

By this amendment I do not attempt to change the present law. The amendment would strike out the additions under this bill and revert to the present law. I assume that those who are already covered by the law have a vested right. It is contractual to an extent, and I would not try to disturb it. When we restore the present law we go back to the formula, reading from the report:

Under the present law, in order to be covered, a farmworker must be "regularly employed" by one employer and receive cash wages of $50 or more in a calendar quarter from that employer.

The definition of "regularly employed" is complicated and difficult to apply. In general, after a farmworker has worked for one employer continuously for an entire calendar quarter, he is "regularly employed" in succeeding quarters if he works for that employer on a full-time basis on at least 60 days during the quarter.

In other words, if he stays on a job for 90 days and has the stamina and permanence and is a fixture and an economic unit, when he goes into the second quarter, he is eligible under this system and he is a rather stable and substantial regular worker. That is under the present law.

Under the bill, we are to bring in all the groups of migrant and reckless and irresponsible workers, who will pay virtually nothing, and the entire burden will fall on the employer, and those workers will get a vested right in the fund, to which they will contribute very little. In justice to those who are covered and have been paying into the fund, this amendment ought to be adopted.

Mr. MILLIKIN. Mr. President, the amendment offered by the Senator from Mississippi would exclude a group of workers who are most in need of the protection provided by the old-age and survivors insurance system. They have less opportunity to build up resources for their old age than do most other members of the working force. They are not covered by any other retirement plan. And because they must often move from place to place to perform their work, they are often unable to meet the residence requirements of public assistance programs.

I feel called upon, therefore, to make a special plea on the behalf of the coverage for agricultural workers provided in the bill as reported by the committee. Four years ago when the 1950 social security amendments were before the Senate I said, in discussing the need for making the system more effective in agricultural areas, that we must deal with the question of coverage of farm workers more thoroughly than we had so far. I also said at that time:

We are covering only a small proportion of the farm workers. The administrative difficulties of trying to keep track of migrant workers, of getting and keeping them covered * * * seem at times to be almost insurmountable. Yet I am hopeful that further study will result in clarifications.

Mr. President, I am satisfied that these administrative problems have been solved, and that the provision of the present bill—to cover agricultural workers who earn at least $50 in a calendar quarter from one employer will present no burdensome administrative problems on the farmers of the Nation. The $50 cash test, for example, makes it unnecessary for the farm employer to report on workers hired for only 2 or 3 days and would also avoid nuisance reporting of small amounts of wages. At the same time the $50 test sets a level which will cover some migrant agricultural workers who must move from one job to another in order to harvest our crops.

The committee was influenced by the fact that this method for covering agricultural workers was recommended by the President in his message of January 14, 1954, after a study had been conducted as to the feasibility of extending coverage of the system. A distinguished group of consultants—including representatives of the National Grange, the American Farm Bureau, the life insurance industry, labor, and the Departments of the Treasury, Agriculture, and Health, Education and Welfare—participated in this study. This group concluded that the regularly employed test in existing law should be eliminated. Under this regularly employed test after a farmworker has worked for one employer continuously for an entire calendar quarter, he is covered if in succeeding quarters he works for that employer on a full-time basis on at least 60 days during the quarter. It was the opinion of the study group that this test is an unnecessary complication. The test in existing law limits coverage of agricultural workers to only about 700,000 individuals. By employing the $50 cash test provided in H. R. 9366, an additional 2.6 million farmworkers would be afforded the protection of the system. These people need protection against want in their old age. Their families need protection when the breadwinner dies.

Finally, I wish to point out that lack of coverage of farm workers has an important effect on public assistance costs. In the farm counties of this country, 31 percent of the aged people are receiving old-age assistance while only 13 percent

are getting old-age and survivors insurance benefits. In nonfarm counties the situation is almost reversed since around 36 percent of aged persons get old-age insurance benefits while only 17 percent receive old-age assistance payments.

A situation which finds nearly 1 out of ever 3 aged persons in farming areas on public relief is not good for human dignity, and morale, and not desirable from the standpoint of the taxpayers either. Coverage of additional farm workers will thus be an important step in decreasing the number of people who are forced to ask for old-age assistance in their declining years, and thus help to decrease the cost of the assistance programs which are financed from general revenues.

Around 2.6 million farm workers would lose the right to social security benefits if this amendment is accepted.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. STENNIS. The amendment would not affect anyone who is already on the rolls. That is correct, is it not?

Mr. MILLIKIN. That is correct.

Mr. STENNIS. I understood the Senator to say that 2,600,000 persons would lose the benefit of the act. They do not have the benefit now, and therefore the amendment would not deny the benefit to them.

Mr. MILLIKIN. I am not saying that they already have coverage. However, 2,600,000 people who do not have protection at the present time would get it if the bill passes unamended in the particular which the Senator has described.

Mr. STENNIS. The Senator from Colorado is correct.

Mr. MILLIKIN. I urge the Senate to reject the amendment, so that these workers who are most in need of such protection may be covered by the social-security system.

Mr. STENNIS. Mr. President, I yield myself 2 minutes. This is certainly not a relief measure. It is certainly not a pension plan. If it were, of course the people to whom the Senator from Colorado has referred would be entitled to be placed on the rolls. That is not the purpose of the bill. If we maintain the system as a sound social-security program, it must be maintained on a sound financial basis. That is one of the main reasons for my objection to those people being included. I come from a State which has many farm workers.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. STENNIS. I yield.

Mr. THYE. Is is not true that when the program was first put into effect, the people who are covered under it had to meet certain qualifications for old-age insurance? In other words, they had to qualify in the first quarter during which they contributed. We are always confronted with that situation. We are confronted with it now. Unless we broaden the system and permit these people to come under it, we will have many people walking up and down the streets asking for handouts, trying to find some support through gifts or other generosity of the public. I believe those people must be taken care of. We must take care of the people who reach the age of 65, and who are reaching the age of 65 within this calendar year, even though they have been working and making a contribution for only a period of 3 months. At any rate, if a person has already reached the age of 65, I am sure the Senator would not deny him the right of coming into this program and receiving the benefits of it.

The PRESIDING OFFICER. The time of the Senator from Mississippi has expired.

Mr. STENNIS. Mr. President, will the Senator yield me 2 minutes?

Mr. MILLIKIN. Certainly. I should like to have the Senator yield to the Senator from Minnesota.

Mr. THYE. I will say to the Senator from Mississippi that the chairman has some time available. I fully appreciate the fact that I have trespassed on the time of the Senator from Mississippi. I have completed my statement, and I am happy that the chairman has surrendered some time to the Senator from Mississippi.

Mr. MILLIKIN. I am glad to yield some time to the Senator. How much time does the Senator from Mississippi desire?

Mr. STENNIS. I would appreciate it if the chairman would yield me 2 minutes.

Mr. President, my point is that as to persons 60, 62, 64, or 65 years of age, it is not good practice to try to exclude them from the program. I am talking about the long-range program. If we want to give them special relief, that can be provided by another bill. I am talking about the choking-down effect in afteryears. I have before me figures from the report. The Senator from South Carolina is correct in his statement. The minimum monthly benefit amount for a retired worker would be $30. I shall not go into further detail.

Mr. THYE. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. They could get up to $30 a month on reaching the age which I have mentioned.

I yield to the Senator from Minnesota.

Mr. THYE. A man must work a minimum of a year and half before he is eligible. There is no way of reaching this question, because we shall always have men or women reaching that age, no matter what we do. Therefore, if they work a year and a half before they can become qualified, that is a safeguard in itself.

Mr. President, I believe the Senator's amendment should be defeated. He is trying to give aid to those who otherwise would be on direct welfare if they did not come under such a bill as that which is before us.

Mr. HOLLAND. Mr. President, will the Senator from Minnesota yield?

Mr. THYE. I shall be glad to yield if I have a right to yield.

Mr. HOLLAND. Is there anything peculiar about the old-age program with reference to the point of qualification? Is it not true that under commercial life insurance, disability insurance, or accident insurance policies, if only a few payments are made and an accident or disability occurs, the benefits accrue? Is it not true that in connection with every other type of commercial insurance the decision is based on the average, and not on individual cases?

Mr. THYE. The Senator is entirely correct. There must be a beginning, and it is determined actuarily, based upon life expectancy. I think the committee should be commended for having gone into this subject, and for extending and expanding the law so as to enable people to live in dignity when they approach old age.

Mr. HOLLAND. With reference to living in dignity, I am sure the Senator means that instead of having to live, in the event of old age, on a dole granted by a friendly government, the beneficiary lives upon something that has been earned, whether by few payments or many payments. He has the benefit of something as a matter of right. That would lend dignity to one who claims under this kind of an act, rather than by receiving a dole.

Mr. THYE. That is the thought and the philosophy which brought about the Old-Age Insurance and Survivors Act.

Mr. CASE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am glad to yield some time to the Senator from South Dakota.

Mr. CASE. In my own operations I have discovered that someone who worked for me in the haying season was not covered. Under the law I withheld regular contributions for my regular workers. The man did not work enough in the succeeding quarter to earn his qualification. It seems to me that if we are to treat them all alike, we should permit them to work for a short period in other types of employment. A person who works for 3 or 4 months can qualify, but if a man works through the entire summer season, unless he works for more than a limited number of days, he is not setting aside anything for his entitlement. It seems to me it is desirable to treat all laborers alike, and not to discriminate against farm laborers.

Mr. MILLIKIN. Mr. President, I wish to add one reminder. We are talking about a measure of social security and protection for 2½ million persons who have, perhaps, the greatest need of assistance of any group of our people. I hope we shall take an enlightened, progressive attitude toward this problem and bring under the coverage of this system those people who so badly need assistance.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments of the Senator from Mississippi [Mr. STENNIS].

The amendments were rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HAYDEN. Mr. President, I call up my amendment 8-11-54-B offered on behalf of myself and my colleague, Mr. GOLDWATER, who is now occupying the chair, and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Arizona.

The LEGISLATIVE CLERK. On page 24, between lines 4 and 5, it is proposed to insert the following:

ARIZONA TEACHERS' RETIREMENT SYSTEM

(j) If, prior to January 1, 1956, the agreement with the State of Arizona entered into pursuant to section 218 of the Social Security Act is modified pursuant to subsection (d) (3) of such section so as to apply to service performed by employees in positions covered by the Arizona Teachers' Retirement System the modification may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to service performed in such positions after an effective date specified in the modification, but in no case may such effective date be earlier than December 31, 1950. For the purposes of any such modification, all employees in positions covered by the Arizona Teachers' Retirement System shall be deemed, notwithstanding the provisions of section 218 (d) (6) of such act, to constitute a separate coverage group.

On page 24, line 7, it is proposed to strike out "(j)" and insert in lieu thereof "(k)."

On page 28, line 18, it is proposed to strike out "(k)" and insert in lieu thereof "(l)."

On page 29, line 7, it is proposed to strike out "(l)" and insert in lieu thereof "(m)."

On page 29, line 23, it is proposed to strike out "and (k)" and insert in lieu thereof "(j), and (l)."

Mr. HAYDEN. Mr. President, I yield myself 3 minutes.

The Arizona teachers' retirement system had to be abolished in order to bring the teachers under the Federal social-security system. The State thought that had been done, but it was decided that the system was not actually abolished. What we are trying to do by this amendment is to take proper action to make the benefits of the system retroactive to the time when the State thought it had abolished the system.

That is about all there is to the amendment.

Mr. MILLIKIN. Mr. President, I am familiar with the amendment offered by the distinguished Senator from Arizona. I believe his amendment does correct an error. I believe the error should be rectified, and I shall be very happy to take the amendment to conference. The distinguished senior Senator from Georgia [Mr. GEORGE] agrees with me.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. HAYDEN] for himself and his colleague [Mr. GOLDWATER].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KERR. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Oklahoma.

The LEGISLATIVE CLERK. On page 18, line 3, after the word "shall", it is proposed to insert a comma and the following: "if the State so desires."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

Mr. KERR. Mr. President, I yield myself 2 minutes.

On page 17 of the bill, beginning at line 24, and continuing on page 25, the following language occurs:

If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall—

At this point my amendment would insert—

if the State so desires—

Then the text of the bill would be resumed, as follows:

be deemed to be a separate retirement system for the employees of each such institution of higher learning.

The sole purpose of the amendment is to make the provision contained in the bill effective in the event the affected State so desires. I believe the amendment is agreeable to the distinguished chairman of the committee.

Mr. MILLIKIN. Mr. President, I think the omission of the words "if the State so desires" probably was an inadvertence. In any event, I am certain the committee would agree that the words should be inserted; therefore, I am glad to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. KERR].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KERR. Mr. President, I offer another amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 9, line 1, after "ministers", it is proposed to insert "and Christian Science practitioners."

On page 9, line 13, it is proposed to strike out "effect.' " and insert in lieu thereof the following: "effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under section 1402 (e) of the Internal Revenue Code of 1954 is in effect.' "

On page 107, line 15, it is proposed to strike out "effect.' " and insert in lieu thereof the following: "effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under subsection (e) is in effect.' "

On page 107, beginning with line 19, it is proposed to strike out all through line 20 and insert in lieu thereof the following:

(e) Ministers, members of religious orders, and Christian Science practitioners.

On page 107, line 22, after "is", it is proposed to insert "(A)."

On page 108, line 1, after "order)", it is proposed to insert "or (B) a Christian Science practitioner."

On page 108, beginning with line 6, it is proposed to strike out all through line 7, and insert in lieu thereof the following: "Security Act extended to service, described in subsection (c) (4) or (5), as the case may be, performed by him."

On page 108, line 14, beginning with the word "regard", it is proposed to strike out all through line 16, and insert in lieu thereof the following: "regard, in the case of an individual referred to in paragraph (1) (A), to paragraph (4) of subsection (c), and in the case of an individual referred to in paragraph (1) (B), without regard to paragraph (5) of such subsection) of $400 or more, any part of which was derived from his performance of service described in such paragraph (4) or (5), as the case may be."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

Mr. KERR. Mr. President, I yield myself 3 minutes.

This amendment would merely provide voluntary coverage for Christian Science practitioners in the same manner as coverage is afforded to ministers in the bill which has been reported to the Senate by the Committee on Finance.

The amendment is being offered at this time because after the Committee on Finance had concluded its work on the bill, it became clear that the vast majority of Christian Science practitioners desired to be covered on a voluntary basis, together with ministers, under the self-employed provisions, rather than to be excluded.

I am certain that the amendment is agreeable to the distinguished chairman of the committee, because it is in accordance with other provisions which the committee adopted. I hope the amendment will be acceptable.

Mr. MILLIKIN. Mr. President, while the committee did not consider the specific amendment offered by the Senator from Oklahoma, it gave much thought to the question of how Christian Science practitioners should be classified and followed what we believe was their desire.

Later they evidenced to us—or at least those who communicated with the chairman of the committee did—that the treatment which has been suggested in the amendment of the Senator from Oklahoma would be entirely acceptable and desirable.

I am very glad to say that I shall be glad to accept the amendment. I believe the distinguished Senator from Georgia [Mr. GEORGE] feels as I do.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. KERR].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KERR. Mr. President, I offer a final amendment, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 9, after line 13, it is proposed to insert the following:

(3) Section 211 (a) of the Social Security Act is amended—

(A) by striking out the period at the end of paragraph (7) and inserting in lieu thereof a semicolon, and

(B) by inserting after paragraph (7) thereof a new paragraph, as follows:

"(8) An individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e)).

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States) of the Internal Revenue Code of 1954."

On page 108, after line 24, it is proposed to insert the following:

(4) Section 1402 (a) of the Internal Revenue Code of 1954 is amended—

(A) by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon, and

(B) by inserting after paragraph (8) thereof a new paragraph as follows:

"(9) an individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in sec. 3121 (h)).

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States)."

Mr. KERR. Mr. President, I yield myself 3 minutes.

The bill as reported by the committee provides for a voluntary coverage of ministers and members of religious orders on the basis of self-employment. Due, I believe, entirely to an oversight, ministers who are engaged as missionaries beyond the boundaries of the United States do not come under the definition and language of the bill.

The object of the amendment which I have offered is to make available to those within this classification who are engaged as missionaries outside the United States the same coverage as is made available to ministers of the same classification who are pastors or who are otherwise engaged in the continental United States.

I am happy to say that this amendment also is acceptable to the distinguished chairman of the committee, and I hope that it will be accepted by the Senate.

Mr. MILLIKIN. I think the amendment of the Senator from Oklahoma should be taken to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. KERR].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG. Mr. President, I call up my amendment 7–13–54–C, and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 120, between lines 18 and 19, it is proposed to insert the following new section:

AMOUNTS DISREGARDED IN DETERMINING NEED

SEC. 304. (a) Section 2 (a) (7) of the Social Security Act is amended to read as follows:

"(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that in making such determination the State agency shall disregard, in the case of an individual entitled to insurance benefits under title II, the amount by which the benefit amount of such individual under such title, as increased by reason of the amendments contained in section 102 of the Social Security Amendments of 1954, exceeds the benefit amount to which such individual would have been entitled but for the enactment of such amendments."

(b) Section 1002 (a) (8) of such act is amended to read as follows:

"(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that in making such determination the State agency (A) shall disregard the first $50 per month of earned income, and (B) shall disregard, in the case of any individual entitled to insurance benefits under title II, the amount by which the benefit amount of such individual under such title, as increased by reason of the amendments contained in section 102 of the Social Security Amendments of 1954, exceeds the benefit amount to which such individual would have been entitled but for the enactment of such amendments."

(c) Section 1402 (a) (8) of such act is amended to read as follows:

"(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the permanently and totally disabled; except that in making such determination the State agency shall disregard, in the case of any individual entitled to insurance benefits under title II, the amount by which the benefit amount of such individual under such title, as increased by reason of the amendments contained in section 102 of the Social Security Amendments of 1954, exceeds the benefit amount to which such individual would have been entitled but for the enactment of such amendments."

(d) The amendments made by the preceding subsections shall be effective, in the case of any State not prohibited by State statute from disregarding the amounts referred to in such amendments, on and after October 1, 1954, and, in the case of any State which is prohibited by State statute from disregarding such amounts, on and after the first complete calendar quarter following the date on which the legislature of such State first convenes after the date of enactment of this act.

Mr. LONG. Mr. President, I yield myself 10 minutes. The amendment I am offering is to take care of what I have always thought was a blind spot in the social security old age asistance program. Many persons draw social security benefits, but in such meager amounts that they are compelled to seek State public welfare assistance. For example, in the United States today, my best information is that there are 442,000 individuals whose social security benefits are so meager that they are compelled to go to the State welfare boards and ask for public welfare assistance.

A strange thing has happened as we have increased social security benefits. Every time social-security benefits have increased for the particular class I have mentioned, persons in that class have found that their State welfare assistance payments have been reduced by the same amount. Let me give an example. Prior to 1950 the minimum monthly benefit for old-age payments was $10. In the State of Louisiana, of which I have the honor to represent in part, more than one-third of the persons who were receiving benefits from social security payments were drawing $10 a month. Those persons found that their needs were so great and that $10 was so meager a payment that they had to apply for State public welfare assistance. Many of them did so. They merely succeeded in getting $10 less from State welfare public assistance than they would have received if they had been receiving no social-security benefits at all. If the State was able to pay $50 a month, a person who was drawing $10 in social security payments would get from his State only $40 instead of $50, and he would be no better off than if he received no social security benefits at all.

In 1950 the social-security minimum payments were increased from $10 to $20. The State welfare agency of Louisiana, as well as that of every other State, was required by Federal law to reduce payments to persons receiving State welfare assistance payments by the same amount as the social-security payments were increased.

Since that time there have been further increases in social-security payments, and the same thing has occurred each time. Every time needy persons have had their social-security payments increased, they have had their State public welfare assistance payments decreased by the same amount as the social-security benefits were increased.

The bill before us would benefit 6 million persons. They would receive anywhere from $5 to $13 a month more than they are receiving now. Yet while we proceed to benefit 6 million persons who are retired and drawing social-security benefits, 442,000 persons who are drawing such meager amounts in social-security benefits that the require State public welfare and assistance would not be benefited at all, unless my amendment were agreed to. The Federal law, without my amendment, would require public assistance payments to be reduced by the same amount that social-security benefits were increased.

If we can afford to pass a bill which would provide increases of from $5 to $13 a month for every retired person receiving social-security benefits, whether he needs it or not—and the theory of the social-security law is that retired persons should benefit whether they need it or not—certainly it would seem to be wise to permit those who have paid into the

social-security fund to receive a net benefit of the minimum $5 a month increase.

Without my amendment, if the bill were enacted into law it would mean that when social-security benefits are increased for the 442,000 persons on public welfare assistance rolls, the public welfare agencies would be required to reduce assistance payments to such persons by the amount of social-security increases.

I have been joined in sponsoring the amendment by the Senator from California [Mr. KUCHEL], the Senator from Florida [Mr. SMATHERS], and the Senator from Nevada [Mr. MALONE].

It seems to me that my amendment would serve a very necessary purpose. When there is an overlap between State public-assistance payments and social-security benefits, it seems to me it would be fair and reasonable to make sure that the persons receiving both benefits would be benefited by the net increase made in social-security payments.

I realize, Mr. President, that logical arguments can be made against the amendment. I fully recognize that fact. However, I also recognize that the facts are that, without the adoption of my amendment, the enactment of the bill into law would mean that those who need assistance most would receive none of the benefits provided in the bill. I hope the Senate will agree to the amendment. I also hope that the distinguished chairman of the committee will take the amendment to conference.

I point out that the amendment would not result in increasing the cost of the bill 5 cents. My amendment would merely provide that when social-security payments are increased, State welfare benefits would not be decreased by a like amount. My amendment would prevent what has been required to be done by law, which is to cut out any net benefit of increases in social-security payments to the 442,000 persons who have required extra help from State public assistance agencies.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I have an amendment on this subject, which is identified as 8–12–54–A. The amendment was directed to somewhat the same situation, except that it would cover all persons receiving old-age assistance. As I understand the amendment of the Senator from Louisiana, it would apply to the limited number of persons who are receiving old-age assistance and old-age insurance benefits. That is a limited category out of the total of 4 million or more persons affected. That is about one-tenth of that number.

Mr. LONG. Seventeen percent of those who are drawing old-age assistance are also drawing old-age and survivor's insurance under social security. It is those 442,000 needy individuals that my amendment is designed to assist.

Mr. HUMPHREY. It has been my feeling, to be very candid about it, that some base figures of earned income or any other kind of income ought to be permitted before we start to apply old-age assistance, and we should build from that point on. I felt that somewhere across the board at least $20 or $25 ought to be allowed to any person, and be disregarded in the basis for determining need for old-age assistance or other forms of public assistance. I point out that the Senator's amendment at least corrects what is obviously an inequity in the law as it now stands. If this amendment is not adopted as proposed by the Senator from Louisiana, we shall find ourselves in a situation in which we say that we have legislated benefit increases only to find that in many instances such increases were not increases in fact, but only in theory. Is that not correct?

Mr. LONG. That is correct. I yield to the Senator from Illinois.

Mr. DOUGLAS. I commend the Senator from Louisiana for putting his finger on one of the striking weaknesses in our care of the aged. In those cases, nearly half a million in number, where the aged person receives both old-age security and old-age assistance, as the Senator from Louisiana has pointed out, an increase in social security has not meant an increase in protection to the aged. It has meant assistance to the States.

The States have thereby diminished the amounts which they otherwise would contribute, and it has meant that the Federal Government has assumed the portion of the burden which the States should properly have taken. The same thing, I may say, was true when we increased the Federal contribution to old-age assistance itself. In most cases the States did not increase the amounts to the individual. What they did was to diminish the amounts which the States paid, and therefore the more the Federal Government has given in such cases, the less the State has given, and the result has been aid to the State and not aid to the needy aged. The Senator from Louisiana has directly struck at one of the weak spots in the whole system, and I hope very much that his amendment may be adopted.

Mr. MILLIKIN. Mr. President, the difficulty with the amendment is that it upsets the whole needs test, which I think is offensive to most of us, but which is a part of our social-security system in the public-assistance portion. So far as the needs test is concerned, we have it, and it must continue to mean something or the whole public-assistance side of our program will fail.

It does not make a bit of difference whether the dollar which the public assistance recipient receives is from the insurance side of the Government, from interest on a bond of the Government, from rents, or from any other source of income. It diminishes need, and it diminishes just as much its part of the insurance system if the income is obtained from other sources. So when we commence making exceptions, we are commencing to cut down the needs system; and when we cut down the needs system, we are raising the expenses of every State in the country, as well as the Federal Government.

Mr. LEHMAN. Will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from New York.

Mr. LEHMAN. It seems to me that the argument advanced by the distinguished Senator from Louisiana and reinforced by my colleague from Illinois is unanswerable—that the money which the Federal Government claims to be giving to the people for old age assistance is really assistance to the States. It does not increase the amount of money that is made available to the person who needs it, but it certainly reduces the responsibility of the States and the cities.

Mr. MILLIKIN. It is true that the more we increase the cost of our public assistance program the more we increase the cost to the Federal Government and to the States. The more we decrease our standards of need the more we impose expense on the States or the Federal Government. What we wind up with is a decrease, and we take whatever one gets out of social security off the means quota under public assistance; and, therefore, the State, if it has true regard for the means of its people—and we assume that that is taken out of the picture, as though it had disappeared—must put up more money to satisfy public assistance and take care of the people who are under the system.

Mr. LEHMAN. As I understand the proposal made by the Senator from Louisiana, it would not increase the cost to the Federal Government at all. The cost would remain constant. Under the proposal, there would not be an increase or decrease in the total amount of assistance the beneficiary receives. All this proposal would do would be to relieve the States of part of their share of the assistance, which is given through public assistance.

Mr. MILLIKIN. Whatever the needs may be—and let us assume they are X—to meet the amount of X need in public assistance there must be either a contribution from the State or from the Federal Government, or both. If the needs test is reduced $5—if that represents the amount of increase to which the Senator is speaking—and we take the position we will not count that, someone must make good that amount. That is made good by a sharing between the Federal Government and the States.

Mr. LEHMAN. Mr. President, will the Senator yield for one more question?

Mr. MILLIKIN. I yield.

Mr. LEHMAN. I should like to have a little more information with regard to this question.

As I understand, we claim in this bill to be increasing Federal grants to those who are entitled to benefits from old-age and survivors insurance. We are emphasizing the claim that we are doing something that is very worthy. However, as a matter of fact, it seems to me the beneficiary does not gain anything. The situation remains constant. The beneficiary does not receive any part of the additional amount which is paid by the Federal Government, so far as his total subsistence grants are concerned. There is a deduction of an equal amount by the State, as I understand.

Mr. MILLIKIN. That is entirely true. That is what I have been talking about. The individual takes in $5 more on his insurance program. The State refers to that $5, and says, "This is revenue you have to meet your need. We are not going to raise the needs test $5. This is $5 more money to meet your needs, whatever they are."

It would be the same as if the individual received that $5 from interest on Government bonds or if he received it from stocks, or if he received it from rents. The situation would be the same.

The point of the old-age assistance part of the program is that first we set up a test of the man's needs, and then the State and Federal Government contribute toward that program. If we increase the need, we make it necessary for the Federal Government or the State, or both, to contribute more.

Mr. LEHMAN. Mr. President, will the Senator yield for one more question?

Mr. MILLIKIN. Certainly.

Mr. LEHMAN. I fail to see that we are carrying out the purposes of the bill, so far as these particular beneficiaries are concerned, because the purpose of this provision, as I have understood it, is to make the lot of 442,000 people a little bit easier, to the extent of $5 or $13. We have failed to do that. I have never understood that the social-security law was drafted or administered for the benefit of States, relieving the States and cities of their public-assistance charges.

Mr. MILLIKIN. I do not understand the Senator's point. I say that most respectfully.

Two things are involved. One is public assistance, and the other is insurance. Under what is proposed, the man is going to get $5 more, let us say, paid on his insurance. He also receives public-assistance money. Therefore, the agency will say to him, "Your need is X dollars a month. You are getting $5 a month additional revenue from your insurance. We are going to count that against your revenue."

The Senator from Louisiana says, "Do not count that particular $5."

If we followed that theory, we could exclude everything else the man receives. It is revenue, as I have said 3 or 4 times. It is the same kind of revenue as if he received a payment for Government bonds or a payment for stocks or a payment for rental. It is money which is added to the money he has, to be applied against his need.

The Senator from Louisiana is saying simply, "Deduct that money from the needs test." That certainly is not our purpose; and we are not taking into consideration the Public Assistance Act, either.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. LONG. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. LONG. I do not believe I shall require more than about 2 minutes. I yield myself 3 minutes.

I point out, Mr. President, that under this bill we are providing a gratuity of anywhere from $5 to $13 a month for 6 million people.

Let us consider the typical case of a man making $200 a month. Under the present law, if he retired he would receive $70 a month. If he is at present retired, we propose to increase his check from $70 to $78.50. On what basis? It is an outright gratuity. That is the basis for it. We would like to raise the benefits. It is an outright gift. We propose to make a gift of anywhere from $5 to $13 to 6 million people.

There is only one group of the 6 million people who are not going to be benefited. They are the 442,000 people who are classified as being needy.

In other words, we are going to take care of 6 million, but those who are classified as being needy, those who have been compelled to go to the welfare agencies and apply for welfare assistance, those who have no reserves, those who have no resources, the most needy of them all, receive no benefit. Why? Because without my amendment, Federal law requires welfare departments to go down the list and find every one of these 442,000 people, and every time they get a $5 increase in income cut their welfare check by $5.

The junior Senator from Louisiana says that if we can make a gift of $5 to $13 to 6 million people who are not needy, we let the needy have $5. I do not understand the point.

A good, logical argument has been made by the distinguished chairman of the committee. It can be said that social security does not depend upon a needs test, and that public welfare does depend upon a needs test. The only point I make is, where there is an overlap, if it is really believed that we can afford to give an extra $5 to 6 million people, Federal law should not require that payments to the needy be reduced by $5, so everybody except the needy would get a gratuity of $5 a month from the Federal Government based on this bill. In spite of all the logical arguments which can be made to the contrary, the needy should be told, "When you get your $5 you can keep it, just as all those who are not needy can keep their $5."

Mr. MILLIKIN. Mr. President, I shall not labor the argument for very long. I think the distinguished Senator is misconceiving what we are trying to do tonight. We are changing the rates, and the benefits in various instances, of a social insurance system. We are not opening a big barrel and throwing out $5 to one, $10 to another, $2.50 to another. The basis of the Senator's argument is that if we are giving something to people in one category, we should give everybody else something. I think that is the basic fallacy of his argument.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. Certainly.

Mr. LONG. Can the Senator tell me upon what basis we increase the benefits to a man who had been making $200 a month from $70 to $78 without his paying an extra 5 cents for it?

Mr. MILLIKIN. We are increasing the benefits and doing all kinds of good things because the revenues of the system, into which the employer and the employee pays will carry the cost of the system. That is what we are told. The Senator heard the testimony. I heard the testimony. We are not opening a barrel to give things to people.

Mr. LONG. The Senator certainly agrees that all the retired individuals who will receive these increases are not making any additional contribution to the fund in order to pay for the increased benefits.

Mr. MILLIKIN. Let us say that is true. The fund includes many objectives which are not limited to a chess-playing operation, based upon how much a man puts on one side of the scale and on the other side of the scale. We are trying to increase the security of the people of the United States.

I am not one to say that every man gets exactly what he puts in. We are doing better than that for several classes. We are doing it consciously, not as a barrel-opening operation. This is not a gift procedure. If I were not opposed to the amendment anyway, I would be compelled to do so because the committee opposed it.

Mr. GEORGE. Let me say to the Senator from Colorado that the people who may be interested in benefits under the social security system did not deal at arm's length with the Government. The Government said, "You are in the system. You are going to be taxed. We are going to pay you such-and-such a sum each month when you qualify for such payments and have reached the retirement age." They had not a thing to say about how much they should be paid, except that Congress may have listened to their importunities. So what they were doing was contributing to a system which we now discover is able to increase the benefits to which they are entitled. The same benefits should go to those who have been retired as well as those who remain in the system and must pay the rates of taxes we impose on them. They do not indicate the amount they are to receive, as in the case of an ordinary insurance policy. They must rely upon the Congress alone to deal fairly and equitably with them when the system justifies an increase in their benefit payments.

The confusion arises between a system to which the workers have made contributions, and a voluntary system of benefits conferred by Government upon people who make no contribution whatever directly to the Government or to any fund.

It seems to me that the amendment should be rejected.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MARTIN. Mr. President, I call up the amendment of the junior Senator from Louisiana [Mr. LONG] and myself,

7-19-54-D, and ask unanimous consent that the reading of the amendment be dispensed with and that the amendment be included at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. MARTIN and Mr. LONG is as follows:

At the end of the bill, add the following new section:

"ADJUSTMENTS IN RATES OF TAXES TO FINANCE OLD-AGE AND SURVIVORS INSURANCE

"SEC. 403. The Congress shall, on or before the 1st day of April 1955, and of each succeeding odd-numbered year, determine the amount of the benefit payments and other sums which it estimates will be paid from the old-age and survivors insurance trust fund during the 2-year period beginning with the first day of the year in which the determination is being made and shall make such adjustments, if any, in the rates of tax provided for by sections 480, 1400, and 1410 of the Internal Revenue Code as may be necessary to assure that the amount of taxes collected under such sections for such 2-year period, together with any other sums covered into such fund for such period, is not less than the amount of the benefit payments and other sums which it estimates will be paid from such fund during such 2-year period."

Mr. MARTIN. Mr. President, this is the pay-as-you-go amendment. The amendment suggests that on or before April 1, 1955, and each odd-numbered year thereafter, the Congress fix the rate required to put the system as nearly as possible on a pay-as-you-go basis.

For several years I have been greatly worried that the social security system of the United States would crash under its own weight.

I have prepared an argument which I believe will sustain my position, but we do not have time to debate it properly tonight, because the hour is growing late. I ask unanimous consent that my remarks may be incorporated in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MARTIN

In the so-called pay-as-you-go amendment to H. R. 9366, the social security bill, I am happy to be associated as co-sponsor with the distinguished junior Senator from Louisiana [Mr. LONG]. I cannot praise too highly the great interest he has taken in the work of the Finance Committee. He is the youngest member of our committee. I mention this because the future stability of our country means more to men of his age than any other group.

The purpose of this amendment is to provide a biennial review of the financing of the social-security program, in order to establish a rate of payroll taxation sufficient to meet the estimated benefits to be paid out under the old-age and survivors insurance system in the 2-year period.

The amendment provides that the Congress shall make an estimate on or before April 1, 1955, and each odd-numbered year thereafter, of the rate required to put the system, as nearly as possible, on a pay-as-you-go basis.

The method of financing social security has been carefully studied by some of the best economists of our country.

Some of these experts have proposed making social-security coverage universal, without using the contributory plan. Such a plan calls for the payment of social-security benefits from general tax revenue.

Another group wants to make the plan actuarially sound. This would require a contribution from the employed, employer, and the self-insured large enough to build up a fund that would take care of the future requirements of the system.

The method proposed in this amendment would take care of the payments to the beneficiaries from currently collected funds.

Those who believe in the fine ideals of social security and have always suggested that it be considered a form of insurance or savings have the desire to maintain the high morale of our people. Without a plan requiring a contribution by the beneficiary, the system would quickly degrade into a form of dole. We do not want a dole in the United States, because that would weaken the morale of our people. The great majority of Americans are self-reliant. They want to make their own security. They have done so throughout our history, and that plan has contributed greatly to the strength and growth of our country.

The people of America have always been very considerate of their unfortunate. The ideal plan would eventually make it possible for all in their old age, or if misfortune befalls them, to depend upon income earned by their own work and thrift. Government can never make security for us.

If the contributory system is abandoned and we pay for the benefits from general taxes, coverage must be all inclusive, extending to all our people.

In the consideration of social security, we must never forget the economy of the Nation. How far can we go without damaging the productive power of the country? How much can we have without damaging the national economy?

One of the strongest factors in the greatness of the United States is that we produce more per man-hour than any other country in the world.

This comes about because of our better equipment and the better know-how of our skilled craftsmen. It is because we have the savings to expand production. Also because there is a profit left for the workers and the stockholders after expenses are paid. Profit is the great incentive. It takes an investment of from $7,000 to $25,000 in plant, tools and equipment to create the job of each worker. Our workers are better educated than those of any other country of the world.

We must always remember that whatever is taken from the people in any form of taxation, whether general taxation or contributions for social security, takes that much out of their hands to spend as they see fit and to further expand our economy. The money that the people spend for schools, hospitals, churches and a better living standard makes a greater market for our industrial and agricultural production.

The American people must be informed that there is no pot of gold at the end of the social-security rainbow. They must be made aware that adequate benefits can be provided only by contributions in the form of direct or payroll taxation. It all comes out of their pockets.

The fact must always be made clear that higher benefits are impossible without a higher rate of contribution or increased taxation, and that both come from the pockets of those who work and those who invest their savings.

We are continuing to meet pressures for additional coverage and higher benefits and this will always continue. It is good politics to offer higher benefits and broader coverage. Ours is a political country and both parties play this political game. Unfortunately, all that we give to the people comes from the people themselves.

Since starting the social-security system in 1937, we have built up a trust fund of about $19 billion. This accumulation has been made possible because income has exceeded expenditures. For example, in 1953 we collected from employers, employees, and self-employed, and from trust fund earnings $4,359,000,000. We expended from this, including administration, $3,094,000,000, or a profit to the fund of $1,265,000,000. This profit has been used by the Government.

For the year 1954, we estimate that we will collect $5,567,000,000, and our expenditures will be $3,655,000,000, or a gain of $1,912,000,000.

As you know, the present rate is 2 percent each from the employee and the employer, and 3 percent from the self-employed. We contemplate increasing this in 1960 to 2½ percent each for the employee and the employer, and 3¾ percent for the self-employed. It is contemplated that we will have a further increase in 1965 and again in 1970.

From estimates based on minimum costs the fund will amount to $23,500,000,000 in 1955, $30,500,000,000 in 1960, and almost $52 billion in 1970.

All of this accumulated trust fund exists only in the form of a promise to pay from the United States Government. There are actually no funds available as in the case of insurance companies and retirement funds established by subdivisions of government. Insurance company funds are invested in productive enterprise and benefit from the earnings of American industry. On the other hand there is no investment for the social security trust fund other than Federal Government bonds, on which the interest is paid from general taxation.

Mr. President, there is no way of getting away from the fact that the working force in the United States must shoulder the burden of paying for the benefits to the retired and to the aged. The problem is how to make it clear to the American public that they pay all the bills.

Mr. President, it is our proposal that we begin to do something about it—to take a first step at least in the direction of putting the expenditures on a balance with estimated income. We are always going to be faced with the possibility of reduced income due to fluctuating economic conditions—and we are always going to be faced with the possibility and probability of an increased number of persons living far beyond the retirement age. But we can estimate on an annual or a biennial basis and thus keep a check upon the conditions we face.

Mr. President, I contend that the pay-as-you-go principle should be put into effect for the following reasons:

1. It is practically impossible to put social security on a sound actuarial basis.

2. The special trust fund has no significance because it is an unsecured Federal promise to pay.

3. As it now stands, the Government is collecting considerably more than it pays out in benefits. This is a tax on individuals and upon earnings.

4. A biennial estimate of what is required would give the people an opportunity to study proposed increases and expansions as suggested from time to time.

5. There is no economic danger from a plan that pays its way each year.

6. Individual security is spiritual as well as material. Reckless Government spending will not insure security because Government has nothing except that which it takes or borrows from the people. A pay-as-you-go plan gives the people an opportunity to study different proposals and to consider whether or not they can afford them.

Mr. President, I strongly urge the adoption of this amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MARTIN. It is a great pleasure, indeed.

Mr. LONG. Mr. President, I am glad to join as a cosponsor of this amendment with the Senator from Pennsylvania. It seems to me that sooner or later we shall arrive at the conclusion that the only way in which any program, a social-security program or any other type, can be financed is out of the productivity of the American people. If we do not produce the wherewithal for the sustenance of life, we shall not be able to take care of our people, no matter how many million dollars we claim to have in the trust fund.

It seems to the junior Senator from Louisiana that year by year we are extracting more than a billion dollars from the blood stream of circulation by having the social security fund take in much greater collections than the fund pays out. So long as the fund is taking in as much money as it needs year by year, it seems to me that is adequate to assure that the fund will continue. After all, we have a reserve of more than $19 billion, which is enough to guarantee that the fund will be solvent and that the Government will continue to make social security payments year by year. That I regard as a sufficient reserve to keep on hand.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. FERGUSON. Do I correctly understand that the Senator from Pennsylvania does not intend to call up his amendment?

Mr. MARTIN. I have already offered the amendment and asked that it, and also the remarks which I had intended to make in support of the amendment, be incorporated in the body of the RECORD. But the hour is growing late, and I do not intend to press it at this time. I hope that Members of this body will read this statement and other statements on the subject of social security. We now have a fund of $19 billion, but there is not really anything in the fund.

Of course the Government owes the social security system that amount of money. We must remember that we do not have any money in this fund, or in any other fund, which the Government does not either take from the people in taxes or borrow from the people.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. FERGUSON. I am sympathetic to what the Senator has in mind, and I feel the same way, namely, that the $19 billion in the fund are really in the form of I O U's from the United States Government, which has, in effect, those I O U's from the taxpayers of America.

Mr. MARTIN. That is correct.

Mr. FERGUSON. Sooner or later we will have to get on a pay-as-you-go basis, with a sufficient surplus to carry it. I think that is the proper way to operate this insurance program.

Mr. MARTIN. I thank the Senator.

Mr. MONRONEY. Mr. President, will the Senator from Pennsylvania yield?

Mr. MARTIN. I yield.

Mr. MONRONEY. Will the distinguished senior Senator from Pennsylvania tell the junior Senator from Oklahoma why the Government securities which are issued to the social security fund, and bear no higher rate of interest than the bonds which are held by the New York Life Insurance Co. or the Massachusetts Mutual Co., or any other insurance company, should not be considered a debt against the Government. In other words, if those bonds do not represent legitimate value in the social security fund, why do the major insurance companies of the country keep 50 percent of their funds with which to pay off their beneficiaries in Government securities?

Mr. MARTIN. I do not say that the bonds of the United States are not good. The bonds of the United States at the present time are the best investment in the world. I wish to keep the bonds in that position. We had before us this afternoon the question of raising the national debt ceiling. The junior Senator from Colorado and the senior Senator from Virginia and the senior Senator from Georgia expressed the situation very well, and I shall not try to repeat what they said.

However, when we set the limit on the national debt at a new figure, which will expire next July, we told the American people that it was our plan to keep the bonds of the United States on a sound basis. We want America to remain on a sound basis, and to keep our social-security system on a sound basis. Therefore, I believe that sooner or later we must put the system on a pay-as-you-go basis.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. BUSH. If the Senator will permit me, I suggest that the answer to the question of the Senator from Oklahoma is that the difference between insurance companies and the Government is that the Government has the taxing power. The Government has the taxing power, whereas the insurance companies do not have that power.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. MONRONEY. Is it not the same liability so far as the Government is concerned? Is not the same pledge carried on the obligations that are held by the insurance companies as is carried on the obligation contained in the social-security system? What are we going to do with the $19 billion worth of interest-bearing bonds which are invested in the sinking fund, if we do not allow the social-security system to hold them, and if the New York Life Insurance Co. and the Massachusetts Mutual Co. and other private insurance companies must hold the same bonds, and we must float more bonds with the public, because we are abolishing the reserves behind the social-security system?

Mr. MARTIN. If I had had my way at the beginning of the social-security system in the United States, it would have been put on a pay-as-you-go basis at that time.

The Senate has been in session for a long time, and I was trying to save some time. I would very much have liked to deliver the speech, because I put a great deal of time into its preparation. If any Senators who are interested would read my speech, I would be very much complimented. I appreciate very much what the junior Senator from Oklahoma is stating. I do not want to be misunderstood. Of course, I feel that the bonds of the United States are the best investment that any insurance company or anyone else could possess. I do not want to be misunderstood.

Mr. MONRONEY. Would the Senator from Pennsylvania tell the junior Senator from Oklahoma whether the bonds or securities held within the social-security system are worth any less than the securities which are held by the insurance companies?

Mr. MARTIN. Not in the least.

Mr. MONRONEY. That is the point I am making.

Mr. MARTIN. No; of course they are not.

Mr. MONRONEY. I have often heard it said, if the distinguished Senator from Pennsylvania will yield further, that there are nothing but I O U's of the Government behind the social-security system. It has been said that there is something vastly different between the securities held by the social-security system and the same type of securities held by every major insurance company in the country. Of course, they bear the same interest, and it is the same security, and the Government is pledged to redeem those securities.

A great hoax has been attempted to be perpetrated, when it has been claimed that there is something phony going on in the social-security system, when the social-security system holds the same securities of the Government that the private insurance companies hold.

Mr. MARTIN. I wish to make that point clear. I apologize for taking this time. I could have read my speech in the same time and probably we would not have had this controversy. I wish to be clearly understood that I have the greatest faith in the bonds of the United States.

Unfortunately, this trust fund of $19 billion, which by 1970 will be increased to $50 billion, is encouraging the American people to believe that there is a rainbow at the end of the social-security system, and that we can add to the benefits it provides, as has been suggested, $5 here and $5 there. On the other hand, if we put it on a pay-as-you-go basis, the people of the country will realize that they are paying the bills. That is why I am suggesting the pay-as-you-go plan.

The PRESIDING OFFICER. Has the Senator from Pennsylvania withdrawn his amendment?

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. What is the pending question?

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Pennsylvania [Mr. MARTIN]. Does the Senator from Pennsylvania withdraw his amendment?

Mr. MARTIN. Yes; I withdraw the amendment.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MILLIKIN. Mr. President, I yield 3 minutes on the bill to the Senator from Oregon.

Mr. MORSE. Mr. President, although the Senator from Pennsylvania has withdrawn his amendment, nevertheless he has made a partial record on it. I do not intend to take any great time in discussing his amendment, although come January, when we introduce the Lehman social security bill, which was discussed earlier tonight, I shall discuss it at length.

What I wish to do this evening is reject the major premise laid down by the Senator from Pennsylvania. I have heard for a long time a great deal of talk about the pay-as-you-go plan with respect to social security.

I wish to say that it represents a great underlying fallacy, because behind the social-security system are two considerations; first, the security and wealth of the United States, and, second, the moral obligation of the people of the United States to make sure that when people reach an age where they can no longer be productive, those who have the ability to pay taxes will see to it that those people live out their old age in decency.

That is the great social objective of the social-security system. We will completely fail in our moral obligation to the people of the United States if we ever accept the notion that before we do right by them we must adopt a pay-as-you-go program. I would have Senators keep in mind that millions of people in this country never can pay as they go for the type of old-age decency to which they are entitled. Those are the people who have an annual gross income of less than $3,500 a year. I have said before, as I repeat tonight, that the whole economic system of our country would collapse if it were not for the productivity of the people who gross less than $3,500 a year.

Mr. President, as to those people, it is perfectly fallacious to argue that we cannot adopt a social-security system which will give them an old-age decency unless we first adopt a pay-as-you-go system.

I close, Mr. President, by repeating that what is behind the social-security system is the wealth of the Nation and the recognition of the moral obligation of 160 million people to see to it that we maintain a system which gives to people in their old age a life of decency. I am a little weary of the argument that we must build up some kind of a banking account that puts the social-security system on a ground analagous to commercial insurance. We are dealing with a social-security obligation of the people who can produce in relation to those who have reached the point where they cannot produce.

Mr. LONG. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Louisiana.

The CHIEF CLERK. It is proposed to insert:

STUDY OF FEASIBILITY OF PROVIDING INCREASED MINIMUM BENEFITS UNDER TITLE II

SEC. 404. (a) The Secretary shall conduct a full and complete study with a view to determining the feasibility of increasing the minimum old-age insurance benefits under title II of the Social Security Act to (1) $55 per month, (2) $60 per month, and (3) to $75 per month.

(b) Such study shall include (1) a detailed analysis of the estimated increase in cost, if any, involved in increasing such minimum benefit to each of the above referred to amounts, (2) estimates of the financial impact such increase would have upon the old-age and survivors insurance on this fund, and (3) an estimate of the amount, if any, by which Federal grants to the States for public assistance would be reduced by the raising of such increase in minimum old-age insurance benefits.

(c) The Secretary shall report to the Congress at the earliest practicable date the results of the study provided for by this section.

Mr. LONG. Mr. President, I have discussed this amendment with the distinguished chairman of the committee and with the senior Democratic member of the Finance Committee, and it is my understanding that they both feel that the amendment can well be taken to conference. One of the particular items the cost of which we should try to find is the extent to which the public welfare burden of the Federal Government will be reduced by such a program.

Mr. MILLIKIN. Mr. President, I have no objection to taking the amendment to the conference, and the distinguished Senator from Georgia also has no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment 8–3–54–C, and I wish to modify it by striking out all in the amendment up to line 6, on page 2.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Minnesota.

The CHIEF CLERK. On page 103, between lines 16 and 17, it is proposed to insert the following:

(d) Section 202 (e) and (f) of such act is amended by striking out "three-fourths of" wherever appearing therein.

On page 103, line 18, strike out "113" and insert in lieu thereof "114."

On page 103, line 23, strike out "114" and insert in lieu thereof "115."

Mr. HUMPHREY. Mr. President, the present social security law provides that a widow or widower is entitled to three-fourths of the benefit of the original recipient. If Mr. Jones is receiving $60 a month, and he dies, Mrs. Jones will receive $45. Or if she is the breadwinner and receives $60 a month, and dies, Mr. Jones will receive $45. It is like saying that when a man who has a life insurance policy of $2,000 dies, his widow should receive $1,500. The widow is as much entitled to the benefit as her husband would have been. The member of the family who is left after the breadwinner has passed away is entitled to the same benefit. I modified my amendment, but I will say very candidly that if any member of the committee can explain to me why when a man dies his wife should not receive all the benefits to which he would be entitled under the insurance system, I want to hear it. I have no more to say, Mr. President. I await a reasonable explanation.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY], as modified.

The amendment, as modified, was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment 8–12–54–B. I ask unanimous consent that the reading of it be dispensed with, and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY'S amendment is as follows:

On page 136, beginning with line 11, strike out all through line 15, and insert in lieu thereof the following:

"INCREASE IN BENEFITS

"SEC. 301. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"'SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1954, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"'(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which many be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.'

"(b) Section 403 (a) of such Act is amended to read as follows:

"'SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an ap-

proved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1954, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $33, or if there is more than one dependent child in the same home, as exceeds $33 with respect to one such dependent child and $24 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $33—

"'(A) five-sixth of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $18 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose.'

"(c) Section 1003 (a) of such act is amended to read as follows:

"'SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1954, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of any such expenditure with respect to any individual for any month as exceeds $60—

"'(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month, plus

"'(B) one-half of the amount which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.'"

(d) Section 1403 (a) of such act is amended to read as follows:

"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1954, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"'(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month, plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose.'

"(e) The amendments made by the preceding sections of this act shall be effective on and after October 1, 1954.

"(f) (1) If—

"(A) during the 1-year period beginning October 1, 1954, or the 1-year period beginning October 1, 1955, the total State expenditures (as defined in par. (2)) for any State under a State plan approved under title I, IV, or XIV of the Social Security Act are less than the total State expenditures for such State under such plan during the base period (as defined in par. (2)), and

"(B) the State expenditure per recipient under such plan for such year is less than the State expenditure per recipient under such plan during the base period, then the amount payable to such State under such title for such year shall be reduced by whichever of the following is the least:

"(C) the amount by which the total State expenditures during the base period under such plan exceeds the total State expenditures during such year under such plan:

"(D) the amount by which the State expenditure per recipient during the base period under such plan multiplied by the monthly average of the number of individuals who received aid or assistance under such plan during such period exceeds the State expenditure per recipient under such plan for such year multiplied by the monthly average of the number of individuals who received aid or assistance under such plan during such year; or

"(E) the amount by which the sum which would be payable to such State for such year under such title but for the provisions of this section exceeds the sum which would be payable to such State for such year under such title if this section had not been enacted.

"(2) For purposes of this subsection, the term 'total State expenditures' means, in the case of a State plan approved under title I, IV, X, or XIV of the Social Security Act, the difference between (A) the total expenditures (other than expenditures to meet the cost of administering the State plan) with respect to which amounts are payable to the State under sections 3, 403, 1003, and 1403, respectively, and (B) the amount so payable to the State; the term 'State expenditure per recipient' with respect to any year or with respect to the base period, as the case may be, means, in the case of a State plan approved under title I, IV, X, or XIV of the Social Security Act, the total State expenditures during such year or period under such plan divided by the monthly average of the number of individuals who received aid or assistance under such plan during such year or period; the term "base period" means the 1-year period ending September 30, 1954; and the term 'State' includes Alaska, Hawaii, and the District of Columbia.

"(g) Section 1108 of such act relating to limitation on payments to Puerto Rico and the Virgin Islands is hereby repealed."

Mr. HUMPHREY. I should appreciate an explanation of the very peculiar situation to which I was referring a moment ago. If any Senator can explain to me that when a husband dies his wife should not receive the benefits which he would have received if he had lived, I would like to hear a logical explanation. I know the law does not permit it, but I think the law is a little "nuts" on that proposition, and I think it should be corrected. [Laughter.]

My amendment would offer an opportunity to do something for the folks at home.

A day or two ago the Senator from Louisiana [Mr. LONG] proposed an amendment to reduce the authorization for foreign appropriations by $1 billion. Then he offered an amendment to cut it $500 million, and it was agreed to. But when the bill came from the conference committee he lost $500 million, and he did not even know what happened. It was because there are some people in Italy, in France, and in Formosa—the Senator from Louisiana has met those Formosans; they are good constituents of the Senator from Louisiana [Laughter]—who had to have that money.

But, Mr. President, if we suggest an extra $5 on old-age insurance we are met with, "Oh, no, we cannot do that." Insurance company executives get to thinking that the money of the company is theirs, but it belongs to the policyholders. Congress is thinking that this money belongs to us. It does not. It belongs to the policyholders. We have a right to raise the benefits. The taxpayers of this country can provide the money to furnish a decent income for the senior citizens of this country. There are two classes of people that deserve consideration. They are not Senators, not Representatives; they are children and old people.

Persons between the ages of 18 and 65, if they have an education, should be able to take care of themselves pretty well. They do not need any pump priming or very much extra help. But folks who are 65 and over and are in need, are receiving $51.34 a month, which is the

average payment of old age assistance in the United States. It is $51.34 a month in the richest Nation on the face of the earth, a country which has spent $5 billion to smoke cigarettes, $7 billion to make people think they feel better than they really are by the use of spirits, $700 million to paint themselves up with cosmetics to look a little better than they are, but when we suggest that grandma and grandpa get something, we are told that the old budget is going to break. There is something wrong with the Treasury.

I always remember what my dad said. My father was a wonderful man. He never once told his son what time to go to bed. But I am here to say that he was an expert on getting him up. He knew what time to get his son up. If the son came in at 5 in the morning, his father got him up at 6. If he came in at 4, his father got him up at 6:30. The later the son got in, the earlier he got up.

This Senator does not believe in telling the people of America how to live. Some persons may want to waste their lives away; some may want to drink their lives away; some may want to go to the horseraces every day. I suppose if they want to do it, they have a right to do it. But if they are going to "horse" around like that, then they are going to pay for grandpa, too. They are going to provide for old-age assistance. If they are going to day for the Devil, they are going to help keep the churches open, too.

The PRESIDING OFFICER. Will the Senator from Minnesota state the amount of time he yields to himself?

Mr. HUMPHREY. The whole works—15 minutes. This is my last amendment. I have not had much good fortune tonight. I was able to get the undertakers—the funeral directors—into the bill, but no others.

I am proposing that the old-age assistance payments be increased $5 a month to help the needy, the aged, the poor, the helpless, the sick; $5 a month for the blind and disabled; $3 a month for dependent children. Do not let me hear anyone say that we cannot afford it. We cannot afford it? It will not cost half as much as it costs every time we try out an atom bomb on the French Flats in Nevada to see if it will work. I do not know whether we have proved anything particularly, but we have found that they do work.

We have made an appropriation for Indochina, and we do not even know to whom we have given it to. That is a fact. We appropriated $1,300,000,000, if I am not mistaken; I do not have the exact figures. We were not certain which side was going to get it, where it was going to go, or who was going to get it.

I heard the arguments on the floor that that money was needed. Not only that, it was said that since we did not know where it was going to go, we should give it to the President; that he would determine where it would go. Let Senators examine the RECORD. They will see exactly what we did. We said we were not sure, but we might need it. After all, things are tough all over; we might need it. So we gave $1,300,000,000 to the White House. We gave it to the President. We trust the President. Yes, I trust the President. I voted to give the money to him. I thought he might need it. I thought there might be a time and a place for its use.

Now I appeal to the Senate to do something for the senior citizens of this country, the persons who live in shacks, those who are sick, those who are old, those who are weary; the persons who have spent their lives; who have given their sons and daughters to the service of their country; persons who have worked their hearts out.

In 1946 we increased the old-age assistance payments by $5. In 1948 we increased them another $5. In 1952 we increased them another $5. We have helped older people to the tune of $15 in 9 years.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LONG. I am delighted to support the Senator's amendment. Unfortunately, the bill is going to help all retired persons except the needy. I believe the Senator's amendment would improve the bill, so that those who receive old-age pensions will receive additional assistance.

Mr. HUMPHREY. That is what should be done. I know that my amendment will increase the cost by a great amount. I assume it will cost $200 million for all those receiving old-age assistance, the blind, the disabled, and the dependent children. I might as well say what it will cost, because someone will certainly remind us later of what it will cost. But it will be the best $200 million that Congress will have spent. It represents Christian compassion. It represents what we should be doing unto the least of our brethren. It represents help to the helpless, help to the weary, help to the heavily laden.

Some days ago I voted for a tax bill that did not help the weary, that did not help the heavy laden. That bill helped the strong, the well born, and the rich.

I have read reports recently which indicated that the corporations in the United States have had the biggest corporate profit returns they have had in years, despite fewer sales and less gross income. But they have received more net income. Congress fixed it that way for them. Let us not "kid" ourselves. We fixed it.

Now we are at the point where we are going to help grandma and grandpa, who need some assistance. Let Senators try to get along on an average pension payment of $51 a month in the United States of America, in the year of our Lord 1954. No human being can do it in decency. I ask the Congress of the United States to help by another $5.

If the Long amendment had been adopted, then the States would not have been able to put $5 in their pockets and to say that they were saving the money to the State treasury. I am not interested in helping State auditors to prove that they have better financial reports. I am interested in the recipients of aid to the blind, to dependent children, and the aged.

Mr. President, I ask that the Senate give the amendment favorable consideration. I think that by so doing we shall end this session of Congress with kindliness, decency, humanitarianism, and compassion, which the country is looking for, and that its worthy citizens deserve.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY].

Mr. MORSE. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. MORSE. I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments, and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. HUMPHREY. Mr. President, before its passage I desire to speak on the bill.

Mr. President, the progress this Nation has made in the field of social security has been slow but sure. I am glad that it has been sure but it is a matter in which we cannot afford to be slow. The needs of America's aged, widowed, orphaned, and disabled are not matters to which we can, in conscience, give leisurely attention. As I said more than 9 months ago:

> We can study social security to death, and it will not feed any hungry people. It is time for action, not more talk. Both political parties have promised such action.

Every man and certainly every political party has the right to change its mind on the important issues of the day. A change for the better is always a good thing. How gratifying it is to read today the recommendations of the Republican administration for a better social-security program when only 4 years ago the Republican Party in the Senate and the House of Representatives was registering overwhelming votes against many of these same recommendations as they came from the desk of a Democratic President. Mr. President, I welcome the newcomers to our ranks with a greeting to remind them that I remain where I always have stood. I do not believe in playing politics with poverty. My views on the welfare and the security of the American people have not shifted with the change in administration.

In 1950 I was proud to participate in the revision of the Social Security Act and at the same time fight for additional liberalizing amendments. During that debate I made a statement of the principles which guide my activities in social-security legislation. It is with these principles in mind that I view the current legislation and I would, therefore,

like to repeat my statement of 4 years ago. At that time I said:

I believe that a sound social-security program should embody the following fundamental principles:

1. Universal coverage for all persons who work for a living.

2. Protection under the insurance system of all aged persons, irrespective of length of time that they have contributed to the insurance system or whether they have retired prior to contributing to the insurance system.

3. A substantial increase in the amount of benefit so that individuals may retire with security, dignity, and reasonable comfort.

4. Payment of insurance benefits to individuals during periods of disability so that individuals who are sick or disabled may also have security as well as some income, which will make it possible for them to avoid asking for charity and enable them to pay their doctor's and hospital bills from their insurance benefits.

5. Federal grants to the States for public assistance to needy persons for whom the insurance program cannot meet all needs.

We have made a good start in overhauling our social-security system. But we cannot be content with what we have done so far. We must not wait for another 11 years to make the changes which will bring our social-security system up to date.

I believe we must go forward in making bold and progressive changes in our social-security system if we are to meet the needs of our people in a dynamic and changing economy.

In 1949, my first year in Congress; in 1950; in 1952; and in the present 83d Congress these principles have prompted me to introduce amendments to the Social Security Act which would bring its provisions more in line with modern needs. It is with these principles in mind that I view the pending legislation. Let me say that the bill now under consideration makes several necessary and important contributions to our social-security program. However, I do believe there are two vital areas with which this bill does not adequately deal. Therefore, I would call your attention to two amendments which I have introduced to remedy these defects.

My first amendment would raise the minimum benefits from $30 to $40 a month. Mr. President, I do not intend to deliver a long and emotional harangue on this subject. I will merely cite one small statistic. My proposed increase in the minimum benefit from $30 to $40 would currently bring increases to about 1½ million people. What a tale of hardship, penury, and despair among American citizens these figures tell. I say that a $10 increase in minimum benefits is the very least we can allow.

Under my second amendment, wives' benefits would be increased to 75 percent and widows' benefits to 100 percent. The adoption of this proposal would mean that about 1 million wives and 500,000 widows would receive increases. All this tries to do is write a little more equity into our social-security laws. Is it not absurd to have written into the law of our land the concept that a widow can subsist on less food, clothing, and shelter than her deceased husband? Nor is it less absurd to suggest that an aged couple can live on only half as much as a single retired person. This proposal is no more startling than simple justice.

I am grateful that many of the proposals I have made have been incorporated into the law of our land. Other amendments which have once failed of approval I have reintroduced in hopes of their ultimate adoption.

In this Congress I introduced 6 measures which I believe fill significant gaps in our present social-security program. I would like to briefly outline these masures and mention the action that has been taken on each of them:

First. A bill to extend social security credits for periods of military service. This proposal was enacted in 1953 as Public Law 269.

Second. A bill to increase the allowable monthly earnings from $75 a month to $1,200 a year without loss of earnings. This provision is in the pending social security bill (H. R. 9366) as approved by the Senate Finance Committee.

Third. A bill to increase old-age and survivors benefits to wives, widows, and dependent children. Although the pending bill does not offer increases as adequate as the ones I suggested, it does propose to raise the minimum benefits from $25 to $30.

Fourth. Also included in the pending bill is my proposal to provide an opportunity for ministers to be covered. I originally introduced this bill in response to many ministers who wanted to be included in the program.

Fifth. Also included in the pending bill is my proposal to make employees of institutions of higher learning eligible for coverage under the program.

Sixth. Finally the pending bill also includes my proposal to extend for 2 years the $5 increase provided to the States in 1952 for payment to old-age assistance, aid to the blind, and aid to dependent children.

Naturally, when I first introduced a series of my bills on May 18, 1953, I did not think they were by any means all-inclusive. However, I did and still do feel that their passage would fill immediate needs. To be frank, I thought the worth of these measures so obvious that they might be acceptable to Congress without years of procrastination and study. I will be the first to admit that these proposals are only a starter. The sum total of these bills defines only the very minimum goals for social security in the United States. I, therefore, also joined with several of my distinguished colleagues in sponsoring an omnibus or general social-security-revision bill.

The omnibus social-security bill is a carefully prepared and up-to-date document. It represents many of my basic convictions as to the needs of our aged, our handicapped, our disabled. I hope that many of its provisions will be enacted into law this year; and if this happens I will feel we have dealt justly with the social-security program. I think the provisions of this bill speak for themselves, and I ask unanimous consent, therefore, that a statement setting forth some of these provisions as compared to those of the pending legislation be included at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

COMPARISON OF SOME PROVISIONS IN THE PENDING BILL (H. R. 9366) AND THE OMNIBUS BILL (S. 2260)

COVERAGE

The omnibus bill would have extended coverage to 13 million additional people rather than to only 7 million as the present bill provides. This would have meant the addition of some Federal employees, members of the Armed Forces, farmers, and professionals.

MINIMUM AND MAXIMUM BENEFITS

The pending bill has adopted the proposal in the omnibus measure to raise the minimum benefits from $25 to $30. Identical increases in family maximum benefits have also been adopted—from $168.75 to $200. However, the omnibus measure would have raised the individual maximum from $85 to $135 instead of only to $108.50 as the present bill provides.

WAGE BASE BENEFITS

Under the omnibus bill, the wage base benefits would have been raised from $3,600 to $6,000 a year instead of to $4,200. This would have been of particular help to middle-income groups.

BENEFITS BASIS

The pending bill makes a real step forward by eliminating the 5 lowest years of earnings in computing average earnings on which benefits are based. The omnibus measure went a step further by using the 10 highest consecutive years of covered earnings.

REVISION OF BENEFIT FORMULA

Both measures provide higher percentage replacement of earnings in middle income brackets. However, only the omnibus measure provides an incentive through an increment of one-half of 1 percent for additional years of employment and contributions and a 2 percent increase in benefits for each year retirement is delayed past the age of 65.

RETIREMENT TEST

Provisions of both measures are similar in that they raise the amount of permissible earnings to a figure equivalent to $1,200 a year. The pending measure has also reduced the age from 75 to 72 at which benefits are payable irrespective of retirement.

BENEFITS FOR DISABLED PERSONS

The provisions of the two bills in this category are quite different. Under the pending bill, the insured status and the benefit rights of persons totally disabled over 6 months are frozen, to prevent reduction of benefits from years of no earnings. No benefits are, however, payable until the age of 65. The omnibus measure goes further by declaring that benefits are immediately available to persons totally and permanently disabled, regardless of age. In addition, retirement benefits payable at the age of 65 will not be based on years of no earnings. This category and the next are extremely important in view of the fact that while over 2 percent of our working force suffers from long-term disability only 1 in 20 of these are eligible for workmen's compensation.

REHABILITATION

While the pending bill provides for the expansion of rehabilitation services, the omnibus measure goes further in this respect and provides monthly benefits while rehabilitation continues.

TEMPORARY DISABILITY OR ILLNESS

The pending measure makes no provision for temporary disability or illness, while the omnibus measure provides cash benefits up to 26 weeks a year.

FINANCING

Under the pending measure the final contribution rate is to be increased to 4 percent of the taxable payroll in 1975, instead of 3¼ percent, and the tax on self-employed is to be

increased to 6 percent instead of to 4⅞ percent. Under the omnibus measure there would be an increase in both the frequency and amount or raises in the contribution rate to a peak of 4 percent of taxable payroll in 1961, and 5¼ percent for self-employed in the same year.

Mr. HUMPHREY. Mr. President, I am glad to say that several of the excellent provisions in the omnibus bill have been included in H. R. 9366, the pending legislation. They include:

First. The increase of maximum monthly benefits to $200;

Second. Preservation of the insurance rights of persons permanently disabled;

Third. Certain increases in benefits although they are not as liberal as those in our omnibus bill;

Fourth. Liberalization of the retirement test;

Fifth. Extension of coverage; and

Sixth. An increase in the wage base.

Mr. President, in 1950 and in 1952 Congress passed major revisions in the social-security program. I supported these liberalizing provisions—some of the changes, in fact, came about through the adoption of amendments which I sponsored or cosponsored. Perhaps it is of some significance that the even-numbered years seem to favor progress in this field. Well, then, this is 1954 and much remains to be done. Let us continue the advance. Let us make sure that all the American people are free from the blight of poverty and the fear of insecurity.

At this point I would like to make a few remarks on the steps forward we did make in 1950 and 1952.

In 1950, the benefits of the social-security system were extended to some 10 million more people. Both in 1950 and 1952 payments under the system were substantially liberalized. Through a new formula the average benefit for those already on the rolls went up a total of $25; allowable monthly earnings rose from $14.99 to $50 and finally to $75; benefits were increased for widows and orphans and it was provided that lump-sum payments be made in the event of all deaths. In addition, veterans were granted a $160 monthly wage credit toward social-security benefits for each month of active service, July 25, 1947, to December 31, 1953.

It was also in 1950 that Congress added the new concept of Federal grants-in-aid to the States for the permanently and totally disabled. Under this program, improved public assistance was made available to the blind, the aged, and dependent children. Grants were also increased for maternal and child health, crippled children, and child-welfare services.

Though we did not achieve our ultimate goals, these 2 years, 1950 and 1952, were memorable ones in the development of our social-security program. I was pleased and proud that several of my proposals, particularly that increasing old-age and survivors benefits by $5 met with approval. I also feel that the amendments I introduced which did not meet with approval made a real contribution. For, as has happened in the past, I am sure that they will prove to be the seed which will bear fruit this year, I hope, and if not, in the future.

Among the amendments I have supported and sponsored in 1950 were those to extend coverage to an increasing number of Americans. I also introduced amendments to increase benefits to those who retire under the program as well as to the aged and the blind. Another amendment would have provided Federal grants for medical care to the needy aged, the blind and dependent children. It was in 1950 that I first supported the amendment to provide insurance benefits of the old-age and survivors insurance program to individuals who are permanently unable to work because of physical or mental illness.

I would like to call particular attention to a bill I sponsored together with Senator DOUGLAS to expand our provisions for the treatment and rehabilitation of disabled persons. The bill, which included the program of vending stands for the blind, provided for Federal payments to cooperating State agencies, Federal payments for the establishment of workshops and rehabilitation centers, and provided for a program of Federal research on rehabilitation techniques. It also provided for loans to the States to carry out programs under the act, and provided a revolving fund to assist workshop cooperatives of severely disabled people.

Among the measures I introduced in 1952 for the liberalization of the social-security program were several that I had already introduced in 1950 or have currently reintroduced. However, I would like to note one, as yet unmentioned, measure which would have provided that any person eligible for old-age and survivors insurance would be entitled to hospital benefits equal to 60 days a year. This proposal has not yet been approved, but it still represents one of the most pressing needs of America's senior citizens.

None of us can for long deny the appeal to our conscience which asks that the strong share part of the burden of the weak.

This has been my record during the last 6 years on social security. America is the richest nation in the world. Indeed, it is my belief that we can no longer afford to allow destitution and despair rot like a canker in our midst. Now is the time to show the world that our American way of life can bring prosperity and security to all the people. I, for one, will join with my colleagues to carry on this fight until the inevitable day when men shall dimly remember, but never again experience, the fears of economic insecurity. It has been this faith and dedication in the future and in our fellow Americans that has made our country the greatest in the world.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

The bill (H. R. 9366) was passed.

Mr. MILLIKIN. Mr. President, I send to the desk an order, which I ask to have read and to be agreed to.

The PRESIDING OFFICER. The clerk will state the order.

The legislative clerk read as follows:

Ordered, (1) That the bill (H. R. 9366) be printed with the Senate amendments numbered.

(2) That in the engrossment of the amendments of the Senate to the bill, the Secretary of the Senate is authorized to make all necessary technical and clerical changes, including changes in section, subsection, paragraph, etc., numbers and letters, and cross-references thereto.

The PRESIDING OFFICER. Without objection, the order is agreed to.

Mr. MILLIKIN. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. GOLDWATER in the chair) appointed Mr. MILLIKIN, Mr. MARTIN, Mr. WILLIAMS, Mr. GEORGE, and Mr. BYRD conferees on the part of the Senate.

APPROPRIATIONS FOR MUTUAL SECURITY

Mr. KNOWLAND. Mr. President, I now desire to have the mutual security appropriation bill made the unfinished business of the Senate. It will not be taken up for debate or voting tonight, but will be the order of business when the Senate reconvenes at 10 o'clock tomorrow morning.

I move that the Senate proceed to the consideration of Calendar No. 2343, H. R. 10051, the foreign-aid appropriation bill.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 10051) making appropriations for mutual security for the fiscal year ending June 30, 1955, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 10051) making appropriations for mutual security for the fiscal year ending June 30, 1955, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, I desire to make a brief announcement to the Senate. There will be a meeting of the policy committee either tomorrow or Monday, after which I expect to consult with the minority leader, and also to inform the Senate of additional proposed legislation to be considered.

A number of bills have, from time to time in the past, been mentioned for consideration. I remind the Senate that the bills I am about to state will not be inclusive of the list which will be considered, but they are among those which heretofore have been mentioned. As a matter of fact, it does not include even all of those. The bills are as follows: Calendar No. 1834, Senate bill 3428, the defense facilities bill; Calendar No. 1833, H. R. 9580, the espionage bill; Calendar No. 1827, Senate Resolution 280; Calendar No. 1828, Senate Resolution 282; and

Calendar No. 1829, Senate Resolution 281, the contempt citations previously mentioned, which I expect to call up for consideration some time on Monday; Calendar No. 644, H. R. 6287, to amend the Renegotiation Act of 1951; Calendar No. 1808, H. R. 9709, the unemployment compensation bill; Calendar No. 1931, a bill (S. 2559) to amend title 17, United States Code, entitled "Copyrights," which is the same as Calendar No. 2235, House bill 6616, dealing with copyrights, which is the proposed legislation to go along with the treaty which has already been ratified by the Senate; Calendar No. 2365, a bill (S. 3067) to require that international agreements other than treaties hereafter entered into by the United States, be transmitted to the Senate within 30 days after the execution thereof; Calendar No. 2367, a bill (S. 2975) to amend title 28, United States Code, relating to the Customs Court.

At the next policy committee meeting there will be a number of other bills, about which I shall immediately inform the minority leader, and also bring to the attention of the Senate.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the distinguished minority leader.

Mr. JOHNSON of Texas. I did not hear the majority leader mention House bill 7840, the railroad retirement unemployment insurance bill. As I understand, the policy committee has not yet had an opportunity to consider that bill.

Mr. KNOWLAND. That is correct. There is a considerable number of bills in which Senators on both sides of the aisle have expressed interest, and those bills will be considered in order to determine which ones can be concluded in the general legislative program prior to adjournment, or prior to recess by the Senate and adjournment by the House.

Mr. JOHNSON of Texas. The minority leader has talked both to the chairman of the policy committee and to the distinguished majority leader about the bill I just mentioned. In view of the fact that the bill passed the House by a vote of 360 to 0, and the fact that it was reported by the Senate committee by a vote of 11 to 1, I hope the Senate will have a chance to pass upon the bill before Congress adjourns. I again wish to urge the distinguished majority leader, who has always been considerate of our requests, to please ask the policy committee to clear that bill before Congress adjourns.

Mr. KNOWLAND. I say to the distinguished majority leader that that will be one of a number of bills that will be considered by the policy committee when it meets.

TRIBUTE TO SENATOR MILLIKIN

Mr. JOHNSON of Texas. Mr. President, I wish to congratulate one of the ablest, most distinguished, and beloved Members of this body for the success of the Senate has had today, namely, the Senator from Colorado [Mr. MILLIKIN]. We ought to take off our hats to anyone who can succeed in having the debt limit raised $6 billion, have the social security bill passed, and nevertheless permit Senators to get home before 12 o'clock midnight. [Applause.]

Mr. KNOWLAND. I fully agree with the statement of the distinguished minority leader.

THE SOCIAL-SECURITY BILL

Mr. MORSE. Mr. President, I have three very brief items on which I should like to comment. First, I wish to make a very brief statement on the social-security bill for the RECORD, so that my constituents will know my position and will know why certain amendments were not offered by me tonight. After a series of conferences and a count of noses, it became perfectly clear to me that in the rush hours of this closing session it would be impossible really to revise the Eisenhower social-security bill along the lines of the Lehman substitute bill which I have been supporting.

In a policy conference that a group of us had, we simply recognized the realities of the situation and decided that all we could do would be to try to support a few amendments, which I did, and then, come January, seek to put into law a revised social-security system that would do justice to the aged and to other groups not now covered by the social-security law who should be covered and are not included in the bill which the Senate just passed.

Of course, the parliamentary strategy that existed on the floor of the Senate tonight bore out very clearly the statement I made. We could not get a yea-and-nay vote. We could not get Senators to go on record in connection with adding even $5 to the social-security benefits of the aged and the dependent children.

So I say to my constituents that they need have no concern as to what their Senator is going to do come January. I am going to continue to fight for a social-security law that will keep faith with the principles I enunciated a few minutes ago on the floor of the Senate in a short speech, when I said the people of the Nation have a clear moral obligation to many thousands of persons—yes, a good many millions—in the country whose gross income is $3,500 a year or less.

We were confronted with a situation in which the best we could get out of this session of the Congress in its closing hours was the administration bill, with a few minor amendments which we were able to add in the bill today.

I now wish to proceed to the second item.

IDA KLAUS RESIGNS

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. MORSE. Mr. President, I should like to make a brief comment upon the resignation of a great public servant, Miss Ida Klaus, who for some 21 years has been in the Federal service. She has been the solicitor of the National Labor Relations Board for some years. When I was on the War Labor Board during the war our Board was helped many, many times by Miss Ida Klaus, who is one of the most brilliant lawyers in this country in the field of labor relations.

I have in my hand the official statement of the National Labor Relations Board, dated August 13, 1954, announcing her resignation. The statement takes the form of Miss Klaus' letter of resignation to the Chairman of the Board, Mr. Guy Farmer, and the reply of Mr. Farmer to Miss Klaus.

I ask unanimous consent that the release of the National Labor Relations Board be printed at this point in the RECORD as a part of my remarks.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

IDA KLAUS RESIGNS

Miss Ida Klaus, the board's solicitor, resigns to join the New York City government. She terminates 21 years of Federal service to become counsel to the newly formed New York City department of labor.

Following is the exchange of letters between Miss Klaus and Chairman Farmer:

DEAR GUY: It is with a feeling of sincere regret that I tender my resignation as an employee of the Board, to become effective September 1.

It is naturally difficult to bring to a close a career of nearly 21 years with the Federal Government, 17 of them with the Board, culminating in my service as solicitor during the past 6 years. Another branch of the family of government, the city of New York, has asked me to serve as counsel to its newly formed department of labor, and I feel that I must accept. Aside from the personal reasons which impel me to return to New York after so long an absence, I feel that I can take back to my native city, which reared and educated me for the work I have performed, the very substantial benefits of 21 years of training in the workshop of the Federal Government.

I shall always be grateful to the Board members, past and present, and to the staff for their trust and their confidence, in return for which I sought at all times to give the best of my ability.

Sincerely,

IDA KLAUS.

DEAR IDA: I learn of your resignation with regret, which I know is shared by my colleagues, by the general counsel, and by every member of the staff. You have served the Board and the Government faithfully and brilliantly throughout your long career in Washington, and your departure will be a loss to this agency and the career service. It will also be a personal loss to those of us, and there are many, who have known you for these many years.

You have served this Board well in various important legal posts, and have lived with it through vicissitudes and trials. I know that you have always given your best to your job, and that you have fearlessly and honestly given the Board the benefit of your opinion as a lawyer on the many difficult questions of statutory interpretation with which it has been faced. While you and I have at times disagreed, which is understandable among lawyers, I have never underrated the value of your advice, nor have I ever had occasion to question the sincerity of your opinions. I am merely stating a recognized fact when I say that your grasp of the law which we administer and your ability as a lawyer are unexcelled.

I cannot close without saying that I think that I understand something of your emotions on this occasion. It is not easy to leave a post which has been so large a part of one's life for so many years. But you can take with you a large measure of pride in your

83D CONGRESS
2D SESSION

H. R. 9366

IN THE SENATE OF THE UNITED STATES

AUGUST 13 (legislative day, AUGUST 5), 1954

Ordered to be printed with the amendments of the Senate numbered

AN ACT

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1954".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

EXTENSION OF COVERAGE

DOMESTIC SERVICE, SERVICE NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);".

(2) Section 209 (g) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer

and does not include service described in section 210 (f) (5);".

(3) Section 209 (h) of such Act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer in any calendar (1)~~year~~ *quarter* to an employee for agricultural labor, if the cash remuneration paid in such (2)~~year~~ *quarter* by the employer to the employee for such labor is less than (3)~~$200~~ *$50*;".

(4) Section 210 (a) (1) of such Act is amended to read as follows:

(4)"*(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;*

(5)"~~(1)"~~ *(B)* Service performed by foreign agricultural (6)~~workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".~~ *workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".*

(5) Section 210 (a) of such Act is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such Act, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(6) The second sentence of section 218 (c) (5) of such Act is amended by inserting before the period at the end thereof "and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h)".

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

(7) ~~CERTAIN FEDERAL EMPLOYEES~~

~~(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—~~

(A) by inserting "by an individual" after "Service performed", and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii); and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the

United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

(3) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the

jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

(8) MINISTERS

(d) (1) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization

after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (l) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".

(2) Section 211 (c) of such Act is amended by striking out paragraph (4).

(3) Nothing in subsection (a) of section 210 of the Social Security Act, as amended by this Act, or in subsec-

~~tions (b) and (l) of section 1426 of the Internal Revenue Code, as so amended, shall be construed to mean that any minister is an employee of an organization for any purpose other than the purposes of such sections.~~

MINISTERS AND CHRISTIAN SCIENCE PRACTITIONERS

(c) (1) Paragraph (2) of subsection (c) of section 211 of the Social Security Act is amended by inserting "and other than service described in paragraph (4) of this subsection" after "eighteen".

(2) Such subsection is further amended by adding at the end thereof the followini new sentence: "The provisions of paragraph (4) shall not appl yto service (other than service performed by a member of a relivious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under section 1402 (e) of the Internal Revenue Code of 1954 is in effect, the provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under section 1402 (e) of the Internal Revenue Code of 1954 is in effect."

(3) Section 211 (a) of the Social Security Act is amended—

(A) by striking out the period at the end of paragraph (7) and inserting in lieu thereof a semicolon, and

(B) by inserting after paragraph (7) thereof a new paragraph as follows:

"(8) An individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e))

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States) of the Internal Revenue Code of 1954."

FISHING AND RELATED SERVICE

(9) ~~(c)~~ *(d)* Section 210 (a) of the Social Security Act is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such Act, as paragraphs (14) and (15), respectively.

HOMEWORKERS

(10) ~~(f)~~ *(e)* Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

(11) ~~FARMERS AND PROFESSIONAL SELF-EMPLOYED~~

~~(g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such Act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment~~

from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".

(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out

~~"cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".~~

~~(4) Section 211 (c) of such Act is amended by striking out paragraph (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:~~

~~"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."~~

(12) *COAL ROYALTIES*

(f) Paragraph (4) of section 211 (a) of the Social Security Act is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

(13) ~~(h)~~ *(g)* (14) (1) *(A)* Section 218 (d) of such Act is amended by striking out "Exclusion (15) ~~Of~~ *of*" in heading, by inserting "(1)" after "(d)", and by (16) ~~striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of the enactment of the succeeding paragraph of this subsection (except in the case of positions~~

~~which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A)).~~ *adding at the end thereof the following sentence:* (17)~~The~~ *"The* preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such (18)~~system".~~ *system."*

(19)*(B) Such section 218 (d) is amended by striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no*

longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A))".

(2) Such section 218 (d) is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was

held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

"(C) (20)~~Ninety~~ *Not less than ninety* days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; (21)*and*

"(E) A majority of the eligible employees voted in (22)~~such referendum~~ *favor of including service in such positions under an agreement under this section* (23)~~;~~ ~~and~~.

(24)~~"(F) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.~~

An employee shall be deemed an 'eligible employee' for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall

not be deemed an 'eligible employee' if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after (25)~~any prior~~ *the last previous* referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

"(B) all employees in positions which became covered by such system at any time after such date; and

"(C) all employees in positions which were cov-

ered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

"(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to pararaph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

"(6) If a retirement system covers positions of em-

ployees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to (26) ~~each political subdivision~~ *any one or more of the political subdivisions* concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State (27) *or with respect to the State and any one or more of the political subdivisions concerned. If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall, if the State so desires, be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term 'institutions of higher learning' includes junior colleges and teachers' colleges.*"

(3) Paragraph (3) of section 218 (c) is amended to read as follows:

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following:

"(A) Any service of an emergency nature;

"(B) All services in any class or classes of (i)

elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis;

"(C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services in such positions have not already been included under such agreement pursuant to subsection (d) (3)."

(4) Paragraph (4) of such section 218 (c) is amended by adding at the end thereof the following new sentence: "A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3)."

(5) Such section 218 (c) is further amended by adding at the end thereof the following new paragraph:

"(7) No agreement may be made applicable (either in

the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State."

(6) Section 218 (f) of such Act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification

agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

(7) Section 218 (m) (1) of such Act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)".

(8) Section 218 of such Act is further amended by adding at the end thereof the following new subsection:

"Certain Positions No Longer Covered By Retirement Systems

"(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of

this subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services."

(9) The amendments made by this subsection (28), *other than paragraph (1) (B)*, shall take effect January 1, 1955.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS

(29)*AND CERTAIN STATE INSPECTORS*

(30)~~(i)~~ *(h)* (1) Effective as of January 1, 1951, paragraph (5) of section 218 (b) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Civilian employees of National Guard units of a State who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(31)*(2) Effective January 1, 1955, such paragraph is further amended by adding after the sentence added by paragraph (1) of this subsection the following new sentence: "For purposes of this section, individuals employed pursuant to an agreement, entered into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624)*

or section 14 of the Perishable Agricultural Commodities Act, 1930 (7 U. S. C. 499n), between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products may be deemed, at the option of the State, to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(32)~~(2)~~ *(3)* In the case of any coverage group to which the amendment made by paragraph (1) is applicable, any agreement or modification of an agreement agreed to prior to January 1, 1956, may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to services performed by employees as members of such coverage group after any effective date specified therein, but in no case may such effective date be earlier than December 31, 1950.

(33)*CERTAIN EMPLOYEES OF THE STATE OF UTAH*

(i) Effective as of January 1, 1951, section 218 of the Social Security Act is amended by adding after subsection (n) (added by subsection (g) (8) of this section) the following new subsection:

"Certain Employees of the State of Utah

"(o) Notwithstanding the provisions of subsection (d), the agreement with the State of Utah entered into pursuant to this section may be modified pursuant to subsection (c)

(4) so as to apply to services performed for any of the following, the employees performing services for each of which shall constitute a separate coverage group: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Training School, State Board of Education, and Utah School Employees Retirement Board. Any modification agreed to prior to January 1, 1955, may be made effective with respect to services performed by employees as members of any of such coverage groups after an effective date specified therein, except that in no case may any such date be earlier than December 31, 1950."

(34) *ARIZONA TEACHERS' RETIREMENT SYSTEM*

(j) If, prior to January 1, 1956, the agreement with the State of Arizona entered into pursuant to section 218 of the Social Security Act is modified pursuant to subsection (d) (3) of such section so as to apply to service performed by employees in positions covered by the Arizona Teachers' Retirement System the modification may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to service performed in such positions after an effective date specified in the modification, but in

no case may such effective date be earlier than December 31, 1950. For the purposes of any such modification, all employees in positions covered by the Arizona Teachers' Retirement System shall be deemed, notwithstanding the provisions of section 218 (d) (6) of such Act, to constitute a separate coverage group.

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

~~(35) (j)~~ *(k)* (1) In the case of any services performed prior to 1955 to which an agreement under section 218 of the Social Security Act was made applicable, deductions which—

(A) were not imposed under section 203 of such Act with respect to such services performed prior to the date the agreement was agreed to or, if the original agreement was not applicable to such services, performed prior to the date the modification making such agreement applicable to such services was agreed to, and

(B) would have been imposed under such section 203 had such agreement, or modification, as the case may be, been agreed to on the date it became effective,

~~(36) shall be deemed to have been imposed, but only for purposes of determining whether, on the basis of an application filed after the month in which this Act is enacted and prior to January 1, 1956, any person is entitled to a re-~~

~~computation, under section 215 (f) of the Social Security Act, of the primary insurance amount of the individual who performed such services. For purposes of any such recomputation the individual who performed such services shall be deemed to have filed an application for recomputation in the month for which the last of the deductions is deemed to have been made under this paragraph, or in the first month thereafter (and prior to the month in which this Act is enacted) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under paragraph (1) or (2) of section 203 (b) of such Act, whichever results in a higher primary insurance amount for such individual. Any such recomputation shall be made as provided in the Social Security Act prior to the enactment of this Act, and shall be effective for and after the month in which the application referred to in the first sentence of this paragraph is filed. This paragraph shall not be applicable in the case of any such individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act prior to the month in which this Act is enacted.~~

shall be deemed to have been imposed, but only for purposes of section 215 (f) (2) (A) or section 215 (f) (4) (A) of such Act as in effect prior to the enactment of this Act. An individual with respect to whose services the preced-

ing sentence is applicable, or in the case of his death, his survivors entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income, shall be entitled to a recomputation of his primary insurance amount under such section 215 (f) (2) (A) or section 215 (f) (4) (A), as the case may be, if the conditions specified therein are met and if, with respect to a recomputation under such section 215 (f) (2) (A), such individual files the application referred to in such section after August 1954 and prior to January 1956 or, with respect to a recomputation under such section 215 (f) (4) (A), such individual died prior to January 1956 and any of such survivors entitled to monthly benefits files an application, in addition to the application filed for such monthly benefits, for a recomputation under such section 215 (f) (4) (A).

(2) For purposes of a recomputation made by reason of paragraph (1) of this subsection, the primary insurance amount of the individual who performed the services referred to in such paragraph shall be computed under subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act (but, for such purposes, without application of subsection (d) (4) of such section, as in effect prior to the enactment of this Act or as amended by this Act) and as though he became entitled to old-age insur-

ance benefits in whichever of the following months yields the highest primary insurance amount:

(A) the month following the last month for which deductions are deemed, pursuant to paragraph (1) of this subsection, to have been made; or

(B) the first month after the month determined under subparagraph (A) (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under section 203 (b) of such Act; or

(C) the first month after the last month (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were subject to deductions under section 203 (b) of such Act; or

(D) the month in which such individual filed his application for recomputation referred to in paragraph (1) of this subsection or, if he died without filing such application and prior to January 1, 1956, the month in which he died, and in any such case (but, if the individual is deceased, only if death occurred after August 1954) the amendments made by subsections (b) (1), (e) (1) and (e) (3) (B) of section 102 of this Act shall be applicable.

Such recomputation shall be effective for and after the month in which the application required by paragraph (1)

of this subsection is filed. The provisions of this subsection shall not be applicable in the case of any individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act on the basis of an application filed prior to September 1954.

(37) ~~(2)~~ *(3)* If any recomputation under section 215 (f) of the Social Security Act is made by reason of deductions deemed pursuant to paragraph (1) of this subsection to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of the benefits based on such wages and self-employment income for months for which such deductions are so deemed to have been imposed shall be recovered by making, in addition to any other deductions under section 203 of such Act, deductions from any increase in benefits, based on such wages and self-employment income, resulting from such recomputation.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

(38) ~~(k)~~ *(t)* Clause (B) of so much of section 210 (a) of the Social Security Act as precedes paragraph (1) thereof is amended to read as follows: "(B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section

(39)~~1426 (m)~~ *3121 (l)* of the Internal Revenue Code (40)*of 1954*) of a domestic corporation (as determined in accordance with section (41)~~3797 (a)~~ *7701* of the Internal Revenue Code (42)*of 1954*) during any period for which there is in effect an agreement, entered into pursuant to section (43)~~1426 (m)~~ *3121 (l)* of the Internal Revenue Code (44)*of 1954*, with respect to such subsidiary;".

(45)*FUNERAL DIRECTORS*

(m) Paragraph (5) of section 211 (c) of the Social Security Act is amended by striking out "funeral director,".

EFFECTIVE DATES

(46)~~(l)~~ *(n)* The amendment made by (47)~~paragraph (3) of~~ subsection (48)~~(g)~~ *(f)* shall be applicable only with respect to taxable years beginning after 1950. The amendments made by (49)~~paragraphs (1), (2), and (4) of such subsection and by paragraph (2) of~~ subsection (50)~~(d)~~ *(c) and (m)* shall, except for purposes of section 203 of the Social Security Act, be applicable only with respect to taxable years ending after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4), (5), and (6) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. (51)~~The~~

~~amendment made by paragraph (3) of subsection (c) shall become effective January 1, 1955.~~ The other amendments made by this section (other than the amendments made by subsections (52)*(g)*, (h), (i), (53)~~and (k)~~ *(j) and (l)*) shall be applicable only with respect to services performed after 1954. For purposes of section 203 of the Social Security Act, the amendments made by (54)~~paragraphs (1), (2), and (4) of subsection (g) and by paragraph (2) of subsection (d)~~ *subsections (c) and (m) of this section* shall be effective with respect to (55)*net earnings from* self-employment (56)~~income~~ derived after 1954. The amount of (57)*net earnings from* self-employment (58)~~income~~ derived during any taxable year ending in, and not with the close of, 1955 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, (59)*net earnings from* self-employment (60)~~income~~ so credited to calendar quarters in 1955 shall be deemed to have been derived after 1954.

INCREASE IN BENEFIT AMOUNTS

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"Primary Insurance Amount

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after (61)~~the last day of the month following the month in which the Social Security Amendments of 1954 are enacted,~~ *August 1954*, or who dies after such (62)~~day~~ *month* and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraphs (1), (2), and (3) of subsection (b) of such section are amended to read as follows:

"(1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, except that when the number of such elapsed months thus computed (63) *(including a computation after the application of paragraph (4))* is less than eighteen, it shall be increased to eighteen.

"(2) An individual's 'starting date' shall be—

"(A) December 31, 1950, or

"(B) if later, the last day of the year in which he attains the age of twenty-one,

whichever results in the higher (64) ~~average monthly wage~~ *primary insurance amount.*

"(3) An individual's 'closing date' shall be whichever

of the following results in the higher (65)~~average monthly wage~~ *primary insurance amount:*

"(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

"(B) the first day of the first year in which he both was fully insured and had attained retirement age;

except that if the Secretary determines, on the basis of the evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher (66)~~average monthly wage~~ *primary insurance amount* for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A)."

(67)~~(2) Subsection (b) of such section is further amended by striking out paragraph (4) and inserting in lieu thereof the following new paragraph:~~

(2) Paragraph (4) of such subsection (b) is amended to read as follows:

"(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after (68)~~the year in which occurs~~ his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were ex-

cluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average monthly wage. The maximum number of calendar years determined under the first sentence of this paragraph shall be five instead of four in the case of any individual who (69) ~~had~~ *has* not less than twenty quarters of coverage (70) ~~in the period ending with the calendar quarter preceding his closing date~~."

(c) Subsection (c) of such section is amended to read as follows:

"Determinations Made by Use of the Conversion Table

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the

amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I "If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d)) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column

I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (71) ~~(ii)~~ *(iii)* by further increasing such amount to the extent, if any, it is less than $5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954.

"(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this paragraph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except

that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than $77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $5 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance

amount is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount For Purposes of Conversion Table".

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits".

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage)" after "individual".

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this Act, the following new paragraph:

"(6) The primary insurance amount of any individual

shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and 106 of the Social Security Amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability) shall, to the extent provided by such sections, be applicable to such computation."

(e) (1) Section 215 (e) of such Act is amended by striking out "and" at the end of paragraph (1), by changing the period at the end of paragraph (2) to a semicolon, and by adding after such paragraph (2) the following new paragraph:

"(3) if an individual's closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) (72) ~~(C).~~" *(C); and*".

(2) (73) ~~(A)~~ Section 215 (f) (2) of such Act is amended to read as follows:

"(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—

"(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,

"(ii) he has wages and self-employment income of (74)~~not less than $1,000~~ *more than $1,200* in a calendar year which occurs after 1953 (75)*(not taking into account any year prior to the calendar year in which the last previous recomputation, if any, of his primary insurance amount was effective)* and after the year in which he became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) (76)*(B)* or 102 (f) (2) (B) of the Social Security Amendments of 1954, whichever of such events is the latest, and

"(iii) he filed such application no earlier than six months after such calendar year referred to in clause (ii) in which he had such wages and self-employment income.

Such recomputation shall be effective for and after the twelfth month before the month in which he filed such application for recomputation but in no event earlier than the

month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual's self-employment income shall be allocated to calendar quarters in accordance with section 212.

(77) ~~"(B) Except as provided in subparagraph (C) a recomputation pursuant to subparagraph (A) shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) of this section, taking into account only such wages and self-employment income which would be taken into account under subsection (b) if the month in which he filed the application under subparagraph (A) were deemed to be the month in which he became entitled to old-age insurance benefits, except that, of the provisions of paragraph (3) of such subsection, only the provisions of subparagraph (A) shall be applicable.~~

"(B) A recomputation pursuant to subparagraph (A) shall be made as provided in subsection (a) of this section and as though the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, but only if the provisions of subsection (b) (4) were not applicable to the last previous computation of his primary insurance amount. If the provisions of subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in sub-

section (a) (1) (other than subparagraph (B) thereof) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable."

(78)~~"(C) If such recomputation is the first recomputation under subparagraph (A), such recomputation shall be made as though the individual first became entitled to old-age insurance benefits on the day he filed application for such recomputation. For purposes of this subparagraph a recomputation under section 102 (c) (5) (B) or 102 (f) (2) (B) of the Social Security Amendments of 1954 shall be deemed to be a recomputation under subparagraph (A) of this paragraph."~~

(3) (A) Section 215 (f) (3) of such Act is amended to read as follows:

(79)*"(3)* (A) Upon application by an individual—

"(i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after (80)~~the effective date~~ *August, 1954*, or

"(ii) whose primary insurance amount was recom-

puted under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, or

"(iii) whose primary insurance amount was recomputed (81)~~for the first time under~~ *as provided in the first sentence of* paragraph (2) (82)*(B)* of this subsection on the basis of an application filed after (83)~~the effective date~~ *August 1954*,

the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made in the manner provided in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under

this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed. (84) As used in this subparagraph and subparagraph (B), the term 'effective date' means the last day of the month following the month in which the Social Security Amendments of 1954 are enacted.

"(B) (85) Upon application by a person entitled to monthly benefits or a lump-sum death payment on the basis of the wages and self-employment income of an individual who died after the effective date and who, if he was entitled to an old-age insurance benefit before he died, would, upon the filing of an application in the month of his death, have been entitled to a recomputation of his primary insurance amount under subparagraph (A) of this paragraph, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he died or in which he filed his application for the last previous computation of his primary insurance amount under any pro-

~~vision of law referred to in clause (i), (ii), or (iii) of the first sentence of subparagraph (A), whichever first occurred.~~ *In the case of an individual who dies after August 1954—*

"(i) who, at the time of death, was not entitled to old-age insurance benefits under section 202 (a), or who became entitled to old-age insurance benefits under section 202 (a) after August 1954, or whose primary insurance amount was recomputed under paragraph (2) or (4) of this subsection, or section 102 (e) (5) or section 102 (f) (2) (B) of the Social Security Amendments of 1954, on the basis of an application filed after August 1954; and

"(ii) with respect to whom the last previous computation or recomputation of his primary insurance amount was based upon a closing date determined under subparagraph (A) or (B) of subsection (b) (3) of this section,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall

be the day following the year of death in case he died without becoming entitled to old-age insurance benefits, or, in case he was entitled to old-age insurance benefits, the day following the year in which was filed the application for the last previous computation of his primary insurance amount or in which the individual died, whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed."

(B) Such section 215 (f) (3) is further amended by adding after subparagraph (B) (added by subparagraph (A) of this paragraph) the following new subparagraph:

"(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount after the close of such taxable year, taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date.

Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits."

(4) Section 215 (f) (4) of such Act is amended to read as follows:

"(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if—

"(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or

"(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) (A) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the closing date which

would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made."

(5) (A) In the case of any individual who, upon filing application therefor (86)~~on or~~ before (87)~~the effective date~~ *September 1954*, would (but for the provisions of section 215 (f) (6) of the Social Security Act) have been entitled to a recomputation under subparagraph (A) or (B) of section 215 (f) (2) of such Act as in effect prior to the enactment of this Act, the Secretary shall recompute such individual's primary insurance amount, but only if he files an application therefor or, in case he died before filing such application, an application for monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income is filed. Such recomputation shall be made only as provided in subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act, through the use of a primary insurance amount determined under subsection (d)

(6) of such section in the same manner as for an individual to whom subsection (a) (1) of such section, as in effect prior to the enactment of this Act, is applicable; and such recomputation shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) of the Social Security Act if the month in which the application for recomputation is filed(88), *or if the individual died without filing the application for recomputation, the month in which he died,* were deemed to be the month in which (89)~~the individual~~ *he* became entitled to old-age insurance benefits. (90)~~Such~~ *In the case of monthly benefits, such* recomputation shall be effective for and after the month in which such application for recomputation is filed (91)*or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivor benefits becomes entitled to such benefits.*

(B) In the case of—

(i) any individual who is entitled to a recomputation under subparagraph (A) of section 215 (f) (2) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after (92)~~the effective date~~ *August 1954, or who died after such* (93)~~and with respect to whom either less than six of the quarters elapsing after 1950 and prior to the day~~

~~following the effective date are quarters of coverage or the twelfth month referred to in such subparagraph (A) occurred after the effective date, and~~

~~(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act on the basis of an application filed after the effective date and with respect to whom less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or who did not attain the age of seventy-five prior to the date following the effective date~~

month leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or with respect to whom the twelfth month referred to in such subparagraph (A) occurred after such month, and

(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after August 1954, or who died after August 1954 leaving any survivors entitled to a recomputation under section 215

(f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or who did not attain the age of seventy-five prior to September 1954,

the recomputation of his primary insurance amount shall be made in the manner provided in section 215 of the Social Security Act, as amended by this Act, for computation of such amount, except that his closing date, for purposes of subsection (b) of such section 215, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation (94)*or, if he has died, in the month in which he died.* (95)~~Such~~ *In the case of monthly benefits, such* recomputation shall be effective for and after the month in which such application for recomputation is filled (96)*or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivors benefits becomes entitled to such benefits.* (97)~~As used in this subparagraph and the succeeding subsections of this section, the "effective date" is the last day of the month following the month in which this Act is enacted.~~

(C) (98)~~No individual shall be entitled to a recomputation~~

~~under section 215 (f) (2) of the Social Security Act as in effect prior to the date of the enactment of this Act unless~~ *An individual or, in case of his death, his survivors entitled to a lump-sum death payment or to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income shall be entitled to a recomputation of his primary insurance amount under section 215 (f) (2) or section 215 (f) (4) of the Social Security Act as in effect prior to the date of enactment of this Act only if* (i) he had not less than six quarters of coverage in the period after 1950 and prior to January 1, 1955, and (ii) either the twelfth month referred to in subparagraph (A) of such section 215 (f) (2) occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (iii) he meets the other conditions of entitlement to such a recomputation. No individual shall be entitled to a recomputation under subparagraph (A) or (B) of this paragraph if his primary insurance amount has previously been recomputed under either of such subparagraphs.

(6) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1956 and with respect to whom not less than six of the quarters elapsing after 1954 and prior to the quarter following the quarter in which he died or became entitled to old-age insur-

ance benefits, whichever first occurred, are quarters of coverage, his (99)~~closing date shall be July 1, 1956, instead of the day specified in section 215 (b) (3) of such Act~~ *primary insurance amount shall be computed under section 215 (a) (1) (A) of such Act, as amended by this Act, with a starting date of December 31, 1954, and a closing date of July 1, 1956,* but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such Act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1956, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1956, closing date, the total of his wages and self-employment income after December 31, 1955, shall, if it is in excess of $2,100, be reduced to such amount.

(7) Section 203 (a) of such Act is amended to read as follows:

"(a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80

per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(8) In the case of an individual who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or died prior to (100) ~~the day following the effective date~~ *September 1954*, the provisions of section

215 (f) (3) as in effect prior to the enactment of this Act shall be applicable as though this Act had not been enacted.

(f) (1) The amendments made by the preceding subsections, other than subsection (b) and paragraphs (1), (2), (3), and (4) of subsection (e), shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after, (101)~~the effective date~~ *August 1954*.

(2) (A) The amendment made by subsection (b) (2) shall be applicable only in the case of monthly benefits (102)*for months after August 1954*, and the lump-sum death payment (103)*in the case of death after August 1954*, based on the wages and self-employment income of an individual (i) who does not become eligible for benefits under section 202 (a) of the Social Security Act until after (104)~~the effective date~~ *August 1954*, or (ii) who dies after (105)~~such effective date~~ *August 1954* and without becoming eligible for benefits under such section 202 (a), or (iii) who is or has been entitled to have his primary insurance amount recomputed under section 215 (f) (2) of the Social Security Act, as amended by subsection (e) (2) of this section, or under subsection (e) (5) (B) of this sec-

tion, or (iv) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such Act), or (v) who (106)~~files, after the effective date~~, *files* an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act, or (vi) who dies after (107)~~the effective date~~ *August 1954* and whose survivors are (or would, but for the provisions of section 215 (f) (108)~~(7)~~ *(6)* of such Act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such Act, as amended by this Act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was, or would upon filing application therefor in such month have been, entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Security Act who was or, upon filing application therefor, would have been entitled to such benefits for (109)~~the month in which the effective date occurs~~ *August 1954*, to whom subparagraph (A) is inapplicable, and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section

215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application, after (110) ~~the effective date~~ *August 1954*, by him or, if he dies without filing such an application, by any person entitled to monthly survivors benefits under section 202 of such Act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act for computation of such individual's primary insurance amount, except that the provisions of subsection (f) of such section (other than paragraph (3) (C) thereof) shall not be applicable for purposes of such computation, and except that his closing date, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective (111) ~~for and after the month in which the application therefor was filed by such individual or~~ *(i) if the application is filed by such individual, for and after the twelfth month before the month in which the application therefor was filed by such individual but in no case before the first month of the quarter which is such individual's sixth quarter of coverage acquired after June 30, 1953, or (ii)* if such application was filed by a

person entitled to monthly survivors benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivors benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(3) The amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits under section 202 (a) of the Social Security Act until after (112) ~~the effective date~~ *August 1954*, or who dies after (113) ~~the effective date~~ *August 1954* without becoming entitled to such benefits, or who files an application after (114) ~~the effective date~~ *August 1954* and is entitled to a recomputation under paragraph (2) or (4) of section 215 (f) of the Social Security Act, as amended by this Act, or who is entitled to a recomputation under paragraph (2) (B) of this subsection, or who is entitled to a recomputation under paragraph (5) of subsection (e).

(4) The amendments made by subsection (e) (2) shall

be applicable only in the case of applications for recomputation filed after 1954. The amendment made by subsection (e) (4) shall be applicable only in the case of deaths after 1954.

(5) The amendments made by subparagraph (A) of subsection (e) (3) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after (115)~~the effective date~~ *August 1954*.

(6) No increase in any benefit by reason of the amendments made by this section (other than subsection (116)~~(i)~~ *(e)*) or by reason of subparagraph (B) of paragraph (2) (117)*of this subsection* shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(g) Effective (118)~~with the beginning of the second month following the month in which this Act is enacted~~ *September 1, 1954*, section 2 (c) (2) (B) of the Social Security Act Amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after (119)~~the month following the month in which the Social Security Amendments of 1954 are enacted~~ *August 1954*."

(h) (1) Where—

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such Act for (120)~~the month in which the effective date occurs~~ *August 1954*;

(B) one or more other persons were entitled (without the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this Act,

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this Act; or

(E) the amount determined pursuant to such sec-

tion, as in effect prior to the enactment of this Act, for (121)~~the month in which the effective date occurs~~ *August 1954* plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act Amendments of 1952 for (122)~~the month in which the effective date occurs~~ *August 1954* plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month.

(2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such Act for (123)~~the month in which the effective date occurs~~ *August 1954* on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such

persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of the first sentence of section 203 (a) of the Social Security Act, as amended by this Act,

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall, for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such Act, as amended by this Act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this Act, plus $7.

(i) (124)~~(1)~~ Section 202 of such Act is amended by inserting after subsection (l) the following new subsection:

"Minimum Survivor's or Dependent's Benefit

"(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k) (3), less than $30 and no other individual is (without the application of section 202 (j) (1)) entitled to a benefit under this

section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to $30."

(125) ~~(2) the first sentence of subsection (i) of such section 202 is amended by inserting ", or an amount equal to $255, whichever is the smaller" after "primary insurance amount".~~

AMENDMENTS RELATING TO DEDUCTIONS FROM BENEFITS

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of

(126) ~~seventy-five~~ *seventy-two* and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of

(127) ~~seventy-five~~ *seventy-two* and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or".

(b) (1) Section 203 (c) of such Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of (128)~~seventy-five~~ *seventy-two* and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of (129)~~seventy-five~~ *seventy-two* and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such Act is amended to read as follows: "The charging of earnings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such Act is amended to read "Months to Which Earnings Are Charged".

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year of twelve months are not more than (130)~~$1,000~~ *$1,200*, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than the product of (131)~~one-twelfth of $1,000~~ *$100* times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of twelve months are in excess of (132)~~$1,000~~ *$1,200*, the amount of his earnings in excess of (133)~~$1,000~~ *$1,200* shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of (134)~~one-twelfth of $1,000~~ *$100* times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate

of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (135) ~~(b),~~ ~~or~~ ~~in~~ ~~subsection~~ ~~(m),~~ *(b)* occurred, (C) in which such individual was age (136) ~~seventy-five~~ *seventy-two* or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsec-

tion) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's (137)~~net earnings from self-employment and his~~ net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section (138)~~211, other than paragraphs (1) and (4) of subsection (c),~~ *211* shall

be applicable; and any (139)~~excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess~~ of deductions over income ~~so~~ resulting (140)*from such a computation* shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in (141)~~subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment~~ *section 209 (a)*.

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individ-

ual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year."

(e) Section 203 (f) of such Act is amended to read as follows:

"Penalty for Failure To Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (142) ~~(b), (c), or (m)~~ *(b) or (c)* (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (143) ~~(b), (c), or (m),~~ *(b) or (c)*, except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month."

(f) (1) The heading of section 203 (g) of such Act is amended to read "Report of Earnings to Secretary".

(2) The first sentence of paragraph (1) of section 203 (g) of such Act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of (144) ~~one-twelfth of $1,000~~ *$100* times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

(145) *(3) The third sentence of paragraph (1) of such section 203 (g) is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two".*

(146) ~~(3)~~ *(4)* Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or a subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

~~(147)~~ ~~(4)~~ *(5)* Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)";

by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

(148)*(6) The heading of section 203 (j) of such Act is amended by striking out "Seventy-five" and inserting in lieu thereof "Seventy-two" and such section is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two".*

(g) Section 203 of such Act is amended by adding at the end thereof the following new subsection:

"Noncovered Remunerative Activity Outside the United States

"(k) An individual shall be considered to be engaged in

noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term 'trade or business' shall have the same meaning as when used in section (149)~~23~~ *162* of the Internal Revenue Code (150)*of 1954*."

(h) Section 203 of such Act is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

"Good Cause for Failure To Make Reports Required

"(l) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it

is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(151) (i) (1) Section 203 of such Act is further amended by adding after subsection (l) (added by subsection (h) of this section) the following new subsection:

"Deductions From Benefits of Dependents' and Survivors' Residing Abroad

"(m) (1) Deductions shall be made from any benefits to which a dependent or survivor is entitled under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the wages and self-employment income of an insured individual until the total of such deductions equals such dependent's or survivor's benefit or benefits under such subsection for any month during no part of which he is a resident of the United States unless—

"(A) such dependent or survivor resided in the United States for three years during the five years immediately preceding the first month for which he was eligible for such benefits or any other monthly benefits under such section 202 based on the wages and self-employment income of such insured individual; or

"(B) such insured individual would be a currently

insured individual at the time he became eligible for or entitled to old-age insurance benefits or primary insurance benefits or, if he died without becoming so eligible or entitled, at the time of his death, even if no wages were counted for such purpose except his wages (if any) for service referred to in clause (B) of so much of section 210 (a) as precedes paragraph (1) and his wages (if any) deemed paid pursuant to subsection (a) or (c) of section 217; or

"(C) in the case of a child entitled to child's insurance benefits, such child first became eligible for such benefits (on the basis of the wages and self-employment income of such insured individual) prior to the month in which he attained the age of three and such child was born in the United States.

"(2) For purposes of paragraph (1)—

"(A) an individual shall be deemed eligible for benefits under any subsection of section 202 for any month if he was, or would have been upon filing application therefor in such month, entitled to such benefits for such month;

"(B) a dependent is a wife, husband, or child of an individual entitled to old-age insurance benefits; and

"(C) a survivor is a widow, widower, child, former wife divorced, or parent (of a deceased individual) en-

titled to monthly benefits under subsection (d), (e), (f), (g), or (h) of section 202."

(2) The first sentence of section 203 (d) of such Act is amended by striking out "(b) and (c)" and inserting in lieu thereof "(b), (c), and (m)".

(3) Section 214 (b) of such Act is amended by striking out "or" before clause (3) and by inserting immediately before the period at the end thereof: ", or (4) for purposes of section 203 (m) only, the first quarter in which he was, or would have been upon filing application therefor in such quarter, entitled to old-age insurance benefits or primary insurance benefits".

(4) Subsections (a) (1) and (c) (1) of section 217 of such Act are each amended by adding at the end thereof the following new sentence: "The provisions of clause (B) shall also not apply for purposes of section 203 (m) (1) (B)."

(5) The amendments made by this subsection shall be applicable in the case of any individual who (A) is entitled to benefits under any subsection of section 202 of the Social Security Act (other than subsection (a) thereof), on the basis of the wages and self-employment income of an insured individual, after the month in which this Act is enacted, and (B) was not, and would not have been upon filing application therefor in such month, entitled (without

~~the application of subsection (j) (1) of such section 202) to benefits under the same or any other subsection of such section 202 on the basis of such insured individual's wages and self-employment income for the month in which this Act is enacted or any prior month.~~

(152) ~~(j)~~ *(i)* (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsections (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h)

(153) ~~and (i)~~) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any

taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

(2) No deduction shall be imposed on or after the date of the enactment of this Act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such date); and no such deduction imposed prior to such date shall be collected after such date. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this Act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

(154)*(3) Subsections (b) (1), (b) (2), (c), (e), and (j) of section 203 of the Social Security Act as in effect prior to the enactment of this Act, to the extent they are in effect with respect to months after 1954, are each amended by strik-*

ing out "seventy-five" and inserting in lieu thereof "seventy-two", but only with respect to such months after 1954.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;".

(b) Paragraph (1) of subsection (b) of section 211 of such Act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the

wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such Act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;".

(d) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, and the excess over $4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212; (155)~~and~~".

RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth".

(b) The amendment made by subsection (a) shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after (156)~~the month following the month in which this Act is enacted~~ *August 1954*; except that no individual shall, by reason of such amendment, be entitled to any benefit for any month prior to (157)~~the fifth month before the month in which this Act is enacted~~ *February 1954.*

PRESERVATION OF INSURANCE RIGHTS OF INDIVIDUALS WITH EXTENDED TOTAL DISABILITY

SEC. 106. (a) (1) Section 213 (a) (2) (A) of the Social Security Act is amended to read as follows:

"(A) The term 'quarter of coverage' means, in the case

of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages, except that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a period of disability, other than the initial quarter of such period."

(2) Section 213 (a) (2) (B) (i) of such Act is amended to read as follows:

"(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;".

(b) (1) Section 214 (a) (2) of the Social Security Act is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) forty quarters of coverage,

not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage."

(2) Section 214 (b) of such Act is amended by striking out the period and inserting in lieu thereof: ", not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage."

(c) (1) Section 215 (b) (1) of the Social Security Act (as amended by section 102 (b) (1) of this Act) is amended by inserting after "(158)~~quarter~~ *quarters* of coverage" the following: "and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage".

(2) Section 215 (d) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall

be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted."

(3) Section 215 (e) of such Act (as amended by section 102 (e) (1) of this Act) is amended by adding after paragraph (3) the following new paragraph:

"(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability."

(d) Section 216 of the Social Security Act is amended by adding after subsection (h) the following new subsection:

"Disability; Period of Disability

"(i) (1) The term 'disability' means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term 'blindness' means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of

this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

"(2) The term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains retirement age. Except as provided in paragraph (4), a period of disability shall begin—

"(A) if the individual satisfies the requirements of paragraph (3) on such day,

"(i) on the day the disability began, or

"(ii) on the first day of the one-year period

which ends with the day before the day on which the individual files such application,

whichever occurs later;

"(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the first month in which either the disability ceases or the individual attains retirement age. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted.

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

"(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

"(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"(4) If an individual files an application for a disability determination after December 1954, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability, if such individual does not die prior to July 1, 1955, shall be—

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

"(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements."

(e) (1) The first sentence of section 217 (a) (1) of the Social Security Act is amended by inserting "and for purposes of section 216 (i) (3)," after "World War II veteran,".

(2) The first sentence of section 217 (e) (1) of such Act is amended by inserting "and for purposes of section 216 (i) (3)," after "veteran (as defined in paragraph (4)),".

(3) Such section 217 (a) (1) and such section 217 (e) (1) of such Act are each amended by ~~(159)inserting ", or for purposes of section 216 (i) (3)" immediately before the period at the end of the last sentence thereof (added by section 103 (i) (4) of this Act).~~ *adding at the end thereof the following new sentence: "The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3)."*

(f) Section 5 (k) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "and for the purposes of section 203 of that Act" and inserting in lieu thereof "and for the purposes of sections 203 and 216 (i) (3) of that Act".

(g) Title II of the Social Security Act is amended by adding after section 219 the following new sections:

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

"DISABILITY DETERMINATIONS

"SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

"(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in the State as may be designated in the agreement at the State's request.

"(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, may determine

that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

"(d) Any individual dissatisfied with any determination under subsection (a), (c), or (g) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205 (g).

"(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust

Fund at the time or times fixed by the Secretary, in accordance with such certification.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Fund.

"(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

"REFERRAL FOR REHABILITATION SERVICES

"SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity."

(h) Notwithstanding the provisions of section 215 (f)

(1) of the Social Security Act, the amendments made by subsections (a), (b), (c), (d), (e), and (f) of this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after June 1955, and with respect to lump-sum death payments under such title in the case of deaths occurring after June 1955; but no recomputation of benefits by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(160) ~~DELETION OF EARNINGS DURING UNLAWFUL RESIDENCE IN THE UNITED STATES~~

~~SEC. 107. (a) Section 205 of the Social Security Act is amended by redesignating subsection (n) as subsection (m) and inserting after such subsection the following new subsection:~~

~~"Earnings During Unlawful Residence Deleted From Record~~

~~"(n) (1) Notwithstanding the provisions of subsection (c), wages for service performed by an individual during any period that he is unlawfully in the United States, and self-employment income derived by him during such period, shall be deleted from the Secretary's records for such individual and shall not be counted for purposes of determining~~

entitlement to or the amount of any benefits or lump-sum death payments under section 202.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual was unlawfully in the United States during any period of time. If the Attorney General has made or makes a determination that there was such a period, he shall notify the Secretary thereof, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable on the basis of such individual's wages and self-employment income, as may be required by paragraph (1). Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual prior to receipt of such notice shall not be deemed by reason of this subsection to be an erroneous payment."

(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.

TERMINATION OF BENEFITS UPON DEPORTATION

SEC. 108. (a) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Termination of Benefits Upon Deportation of Primary Beneficiary

"(m) (1) Notwithstanding any other provision of this title, no monthly benefits under this section shall be paid on the basis of the wages and self-employment income of any individual for any month after such individual has been deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, and no lump-sum death payment shall be made on the basis of such wages and self-employment income in case of death in or after such month.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual, the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual has been deported under one of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) of this subsection. If such individual has been or is deported under any such paragraph, the Attorney General shall

~~so notify the Secretary, and the Secretary shall certify no further benefits for payment on the basis of such individual's wages and self-employment income. Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual, prior to receipt of such notice, shall not be deemed by reason of this subsection to be an erroneous payment."~~

~~(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.~~

INSURED STATUS

SEC. (161) ~~109~~ *107*. (162) ~~(a)~~ Section 214 (a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters

of coverage (163), *but only if there are not fewer than six of such quarters so elapsing.*"

(164) ~~(b) Subparagraph (B) of section 213 (a) (2) of such Act is amended by inserting "(except wages for agricultural labor)" after "$50 or more in wages" in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following:~~

~~"(iv) if an individual is paid wages for agricultural labor in a calendar year, then, subject to clause (i), (a) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages are less than $300; (b) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (c) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and~~

~~"(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.~~

~~If, in the case of any individual who has attained retirement age or died and who has been paid wages for agricultural labor in a calendar year, the requirements for insured status in subsection (a) or (b) of section 214, the requirements~~

for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters."

BENEFITS IN CERTAIN CASES OF DEATHS BEFORE SEPTEMBER 1950

SEC. (165)110 *108*. (a) In the case of any individual—

(1) who died prior to September 1, 1950, and was not a fully insured individual (under title II of the Social Security Act), when he died, and

(2) who had not less than six quarters of coverage (as defined in such title),

such individual shall, except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of the Social Security Act, be deemed to have died a fully insured individual. Such individual's primary insurance amount shall be computed under subsection (a) (2) of section 215 of such (166)Act, except that, for *Act. For* the purpose of such computation, the provisions of (167)paragraph (4) of subsection (d) of such section (in lieu of the

~~provisions of paragraph (3) of such subsection)~~ *section 215 (d) (3) of such Act shall apply if such individual died a currently insured individual (under title II of such Act) and any other person was entitled on the basis of his wages to monthly benefits or a lump-sum death payment under section 202 of such Act; in all other cases the provisions of section 215 (d) (4)* shall be applicable, (168)~~and~~ except that (169)~~his~~ *such individual's* closing date shall be the first day of the quarter in which he died. In the case of any such individual, the requirement in subsection (h) of section 202 of such Act that proof of support be filed within two years of the date of his death shall not apply if such proof is filed (170)~~within two years after the first month following the month in which this Act is enacted~~ *before September 1956*.

(b) The provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the Social Security Act for months after (171)~~the first month following the month in which this Act is enacted~~ *August 1954*, on the basis of applications filed after such month (172)~~in which this Act is enacted~~.

ELIMINATION OF REQUIREMENT OF FILING APPLICATION IN CERTAIN CASES

SEC. (173)~~111~~ *109*. (a) Section 202 (e) (1) (C) of the Social Security Act is amended to read as follows:

"(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

"(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age,".

(b) Section 202 (g) (1) (D) of such Act is amended to read as follows:

"(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,".

(c) The third sentence of section 202 (i) of such Act is amended by inserting immediately before the period at the end thereof the following: ", or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died".

TECHNICAL AMENDMENTS

SEC. (174)~~112~~ *110.* (a) The second sentence of section 204 (a) of the Social Security Act is amended by inserting "and self-employment income" after "wages".

(b) Section 208 of the Social Security Act is amended by inserting ", or as to the amount of net earnings from self-employment derived or the period during which (175)~~derived,~~ *derived*" after "as to the amount of any wages paid or received or the period during which earned or paid".

REPEAL OF REQUIREMENT OF CERTAIN DEDUCTIONS

SEC. (176)~~113~~ *111.* (a) No deductions shall be made pursuant to subsection (i) of section 203 of the Social Security Act from any benefits for any month after (177)~~the month in which this Act is enacted~~ *August 1954*; and, effective (178)~~with the beginning of the month following the month in which this Act is enacted~~ *September 1, 1954*, such subsection is repealed.

(b) No deductions shall be made pursuant to section 907 of the Social Security Act Amendments of 1939 (53 Stat. 1360, 1402), with respect to wages for services performed in 1939, from any benefits for any month after (179)~~the month in which this Act is enacted~~ *August 1954;* and, effective (180)~~with the beginning of the month following the month in which this Act is enacted~~ *September 1, 1954*, such section is amended by striking out "1 per centum

of any wages paid him for services performed in 1939, and subsequent to his attaining age sixty-five, and".

PROOF OF SUPPORT BY HUSBAND OR WIDOWER IN CERTAIN CASES

SEC. ~~(181)~~ ~~114~~ *112*. (a) For the purpose of determining the entitlement of any individual to husband's insurance benefits under subsection (c) of section 202 of the Social Security Act on the basis of his wife's wages and self-employment income, the requirements of paragraph (1) (D) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950.

(b) For the purpose of determining the entitlement of

any individual to widower's insurance benefits under subsection (f) of section 202 of the Social Security Act on the basis of his deceased wife's wages and self-employment income, the requirements of paragraph (1) (E) (ii) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife, and she was a currently insured individual, on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950.

(c) For purposes of subsection (b) (1) of this (182) ~~Act~~ *section*, and for purposes of section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of this section is applicable, the wife of an individual shall be deemed a

currently insured individual if she had not less than six quarters of coverage (as determined under section 213 of the Social Security Act) during the thirteen-quarter period ending with the calendar quarter in which occurs the first month (1) for which such wife was entitled to a monthly benefit under section 202 (a) of such Act, and (2) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (183)*(as in effect before or after the enactment of this Act)* did not occur.

(d) This section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such Act, for months after (184)~~the first month following the month in which this Act is enacted~~ *August 1954*, and only with respect to benefits based on applications filed after such (185)~~first~~ month.

DEFINITION

SEC. (186)~~115~~ *113*. As used in the provisions of the Social Security Act amended by this title, the term "Secretary" means the Secretary of Health, Education, and Welfare.

(187)*COVERED EMPLOYMENT NOT COUNTED UNDER OTHER FEDERAL RETIREMENT SYSTEMS*

SEC. 114. Notwithstanding any other provision of law, in determining eligibility for or the amount of any benefit

(other than a benefit under title II of the Social Security Act or the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof, there shall not be taken into account any service which constitutes employment (as defined in section 210 (a) of the Social Security Act) and is performed after 1954 by individuals as officers or employees of the United States or any instrumentality thereof.

TITLE II—AMENDMENTS TO INTERNAL REVENUE (188)~~CODE~~ *CODES OF 1939 AND 1954*

AMENDMENTS TO DEFINITIONS OF SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

SEC. 201. (a) (189)~~(1) Paragraph (1) of section 481 (a) of the Internal Revenue Code is amended to read as follows:~~

~~"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".~~

~~(2) Subsection (a) of section 481 of the Internal Revenue Code is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such~~

code, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business,

~~adjusted (after such reduction) in accordance with the preceding provisions of this subsection."~~

(190)~~(b) (1)~~ Paragraph (1) of section (191)~~481~~ *1402* (b) of the Internal Revenue Code (192)*of 1954* is amended to read as follows:

"(1) (193)~~That~~ *that* part of the net earnings from self-employment which is in excess of—

"(A) (194)~~For~~ *for* any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) (195)~~For~~ *for* any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(196)~~(2)~~ *(b)* Section (197)~~481~~ *1402 (b)* of the Internal Revenue Code (198)*of 1954* is amended by inserting after "employees)" the following: ", or under an agreement entered into pursuant to the provisions of section (199)~~1426 (m)~~ *3121 (l)* (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations),".

(200)~~(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraphs (4) and (5), by~~

~~inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:~~

~~"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."~~

(c) (1) Section 1402 (c) (2) of the Internal Revenue Code of 1954 is amended by inserting after "18" the following: "and other than service described in paragraph (4) of this subsection".

(2) Section 1402 (c) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under subsection (e) is in effect."

(3) Section 1402 of the Internal Revenue Code of 1954

is amended by adding at the end thereof the following new subsection:

"(e) MINISTERS AND MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.—

"(1) WAIVER CERTIFICATE.—Any individual who is (A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) or (B) a Christian Science practitioner may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service, described in subsection (c) (4) or (5), as may be, performed by him.

"(2) TIME FOR FILING CERTIFICATE.—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard, in the case of an individual referred to in paragraph (1) (A) to paragraph (4) of subsection (c), and in the case of an individual referred to in

paragraph (1) (B), without regard to paragraph (5) of such subsection) of $400 or more, any part of which was derived from his performance of service described in such paragraph (4) or (5), as the case may be.

"(3) EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable."

(4) Section 1402 (a) of the Internal Revenue Code of 1954 is amended—

(A) by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon, and

(B) by inserting after paragraph (8) thereof a new paragraph as follows:

"(9) an individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee

of an American employer (as defined in section 3121 (h))

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States)."

(d) Paragraph (5) of section 1402 (c) of the Internal Revenue Code of 1954 is amended by striking out "funeral director,".

(201) ~~(d)~~ *(e)* The amendments made by subsections (a), (b), (202) ~~and (c)~~ *(c), and (d)* of this section shall be applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) (1) The first sentence of section (203) ~~1401 (d) (3)~~ *6413 (c) (1)* of the Internal Revenue Code (204) *of 1954* is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled (205) (*subject to the provisions of section 31 (b)*) to a (206) *credit or* refund of any amount of tax, with respect

to such wages, imposed by section 1400 (207)*of the Internal Revenue Code of 1939* and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $4,200, the employee shall be entitled (208)*(subject to the provisions of section 31 (b))* to a (209)*credit or* refund of any amount of tax, with respect to such wages, imposed by section (210)~~1400~~ *3101* and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received."

(2) Section 1401 (d) (3) of the Internal Revenue Code (211)*of 1939* is amended by striking out the period at the end of the second sentence and inserting in lieu thereof "or, in the case of any agreement (or modification (212)*thereof*) pursuant to section 218 of the Social Security Act which is effective as of a date more than two years prior to the date such agreement (or modification) was agreed to, within (213)~~a period of~~ two years after (214)~~the end of~~ the calendar year in which such agreement (or modi-

fication) was agreed to by the State and the Secretary of Health, Education, and Welfare."

(b) (1) The heading of section (215)~~1401 (d) (4)~~ *6413 (c) (2)* of the Internal Revenue Code (216)*of 1954* is amended to read as follows: "(217)~~SPECIAL RULES IN THE~~ *APPLICABILITY IN* CASE OF FEDERAL AND STATE EMPLOYEES AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.—"

(2) Section (218)~~1401 (d) (4) (A)~~ *6413 (c) (2) (A)* of the Internal Revenue Code (219)*of 1954* is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $4,200 for any calendar year after 1954,".

(3) Section (220)~~1401 (d) (4)~~ *6413 (c) (2)* of the Internal Revenue Code (221)*of 1954* is amended by adding at the end thereof the following new subparagraph:

"(C) Employees Of Certain Foreign Corporations.—For (222)~~the~~ purposes of paragraph (223)~~(3)~~ *(1)* of this subsection, (224)~~in the case of remuneration received during any calendar year after the calendar year 1954,~~ the term 'wages' includes such remuneration for services covered by an agreement made pursuant to section (225)~~1426 (m) of this subchapter~~ *3121 (l)* as would be wages if such services constituted employment; the term

'employer' includes any domestic corporation which has entered into an agreement pursuant to section (226)~~1426 (m)~~ *3121 (l)*; the term 'tax' or 'tax imposed by section (227)~~1400~~ *3101*' includes, in the case of services covered by an agreement entered into pursuant to section (228)~~1426 (m)~~ *3121 (l)*, an amount equivalent to the tax which would be imposed by section (229)~~1400~~ *3101*, if such services constituted employment as defined in section (230)~~1426~~ *3121*; and the provisions of paragraph (231)~~(3)~~ *(1)* of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section (232)~~1426 (m)~~ *3121 (l)* has been paid to the Secretary or his delegate."

(c) The second sentence of section (233)~~1420 (c)~~ *3122* of the Internal Revenue Code (234)*of 1954* is amended by (235)~~inserting "in the case of the calendar year 1951, 1952, 1953, or 1954, or the $4,200 limitation in such section in the case of any calendar year after 1954" after "the $3,600 limitation in section 1426 (a) (1)".~~ *striking out "$3,600" and inserting in lieu thereof "$4,200".*

(d) The amendments made by subsections (a) (1), (b) (236)~~(2),~~ and (c) shall be applicable only with respect to remuneration paid after 1954. (237)*The amend-*

ment made by subsection (a) (2) shall be effective as if it had been enacted as a part of section 203 (c) of the Social Security Act Amendments of 1950 which added section 1401 (d) (3) to the Internal Revenue Code of 1939.

(238)~~COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES~~

~~SEC. 203. (a) Section 1420 (c) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality."~~

~~(b) The amendment made by subsection (a) shall become effective January 1, 1955.~~

AMENDMENTS TO DEFINITION OF WAGES

SEC. (239)~~204~~ *203.* (a) Paragraph (1) of section (240)~~1426~~ *3121* (a) of the Internal Revenue Code (241)*of*

1954 is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$4,200".

(b) (1) Subparagraph (B) of section ~~1426~~ *3121* (a) (7) of the Internal Revenue Code *of 1954* is amended to read as follows:

"(B) ~~Cash~~ *cash* remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection ~~(h)~~ *(g)* (5);".

(2) Section ~~1426~~ *3121* (a) (7) of the Internal Revenue Code *of 1954* is amended by adding at the end thereof the following new subparagraph:

"(C) Cash *cash* remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this ~~subparagraph~~ *subparagraph*, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of

the employer and does not include service described in subsection (250)~~(h)~~ *(g)* (5) ;".

(3) Section (251)~~1426~~ *3121* (a) (8) of the Internal Revenue Code (252)*of 1954* is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

"(B) (253)~~Cash~~ *cash* remuneration paid by an employer in any calendar (254)~~year~~ *quarter* to an employee for agricultural labor, if the cash remuneration paid in such (255)~~year~~ *quarter* by the employer to the employee for such labor is less than (256)~~$200~~ *$50*;".

(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. (257)~~205~~ *204.* (a) Section (258)~~1426~~ *3121* (b) (1) of the Internal Revenue Code (259)*of 1954* is amended to read as follows:

(260)~~"(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;".~~

"(1) (A) service performed in connection with the production or harvesting of any commodity defined as an

agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

"(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, on a temporary basis to perform agricultural labor;".

(b) Section ~~(261) 1426~~ *3121* (b) of the Internal Revenue Code ~~(262)~~ *of 1954* is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such code, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section ~~(263) 1426~~ *3121* (b) of the Internal Revenue Code ~~(264)~~ *of 1954* herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the

United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

(265) (d) (1) Subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed," and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii); and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

(c) The paragraph of section 1426 (b) of the Internal

Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order,

~~other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;".~~

(266)~~(f)~~ *(d)* Section (267)~~1426~~ *3121* (b) of the Internal Revenue Code (268)*of 1954* is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such code, as paragraphs (14) and (15), respectively.

(269)~~(g)~~ *(e)* The amendments made by subsections (270)~~(c), (d), (e), and (f)~~ *(c) and (d)* shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

(271)*Amendment Relating to Collection of Employee Tax*

Sec. 205. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "An employer who in any calen-

dar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C), (8) (B), or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50."

AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 206. (a) Subparagraph (C) of section (272)~~1426~~ *3121* (d) (3) of the Internal Revenue Code (273)*of 1954* is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

~~(274) WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY~~

~~SEC. 207. (a) Paragraph (1) of section 1426 (l) of the Internal Revenue Code is amended by inserting "(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties~~

required by such order)" after "service" in the first sentence, by striking out "two-thirds of its employees" and inserting in lieu thereof "two-thirds of its employees performing service to which this paragraph is applicable" in such sentence, and by deleting so much of such paragraph as follows the first sentence.

(b) Such section 1426 (l) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively, and by adding after paragraph (1) the following new paragraphs:

"(2) WAIVER OF EXEMPTION IN THE CASE OF MINISTERS.—An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders (other than a member of a religious order who has taken a vow of poverty as a member of such order) and perform such service in the

exercise of duties required by such order or orders, and that at least two-thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate pursuant to paragraph (1) with respect to such employees.

"(3) LIST TO ACCOMPANY CERTIFICATE.—A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"(4) EFFECTIVE PERIOD OF WAIVER.—A certifi-

cate filed pursuant to paragraph (1) or paragraph (2) shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate; (i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect (as determined under subparagraph (A) or (B), whichever is

applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"(5) TERMINATION OF WAIVER PERIOD BY ORGANIZATION.—The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a certificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect

for a period of not less than eight years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter."

(c) The paragraph of such section 1426 (l) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: "If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organization pursuant to paragraph (2) shall also be terminated at the same time."

(d) The paragraph of such section 1426 (l) herein redesignated as paragraph (7) is amended to read as follows:

"(7) NO RENEWAL OR WAIVER.—In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph."

~~(c) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed prior to January 1, 1955, under section 1426 (l) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (l) (2) of the Internal Revenue Code is in effect for any calendar quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which consitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed.~~

CHANGES IN TAX SCHEDULES

SEC. ~~(275) 208~~ *207*. (a) Section ~~(276) 480~~ *1401* of the Internal Revenue Code ~~(279)~~*of 1954* is amended by striking out paragraph ~~(278) (5)~~ *(4)* and inserting in lieu thereof the following:

"~~(279) (5) In~~ *(4) in* the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to $5\frac{1}{4}$ ~~(280) per~~

~~centum~~ *percent* of the amount of the self-employment income for such taxable (281)~~year.~~ *year;*

"(282)~~(6)~~ ~~In~~ *(5) in* the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6 (283)~~per~~ ~~centum~~ *percent* of the amount of the self-employment income for such taxable year."

(b) Section (284)~~1400~~ *3101* of the Internal Revenue Code (285)*of 1954* is amended by striking out paragraph (286)~~(6)~~ *(4)* and inserting in lieu thereof the following:

"(287)~~(6)~~ ~~With~~ *(4) with* respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ (288)~~per centum.~~ *percent;*

"(289)~~(7)~~ ~~With~~ *(5) with* respect to wages received after December 31, 1974, the rate shall be 4 (290)~~per centum~~ *percent.*"

(c) Section (291)~~1410~~ *3111* of the Internal Revenue Code (292)*of 1954* is amended by striking out paragraph (293)~~(6)~~ *(4)* and inserting in lieu thereof the following:

"(294)~~(6)~~ ~~With~~ *(4) with* respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ (295)~~per centum.~~ *percent;*

"(296)~~(7)~~ ~~With~~ *(5) with* respect to wages paid

after December 31, 1974, the rate shall be 4 (297)~~per centum~~ *percent.*"

FOREIGN SUBSIDIARIES OF (298)~~AMERICAN EMPLOYER~~ *DOMESTIC CORPORATION*

SEC. (299)~~209~~ *208.* Section (300)~~1426~~ *3121* of the Internal Revenue Code (301)*of 1954* is amended by adding at the end thereof the following new subsection:

"(302)~~(m)~~ *(l)* AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.—

"(1) AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.—The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (303)~~(7)~~ *(8)*) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the (304)~~terms~~ *term* 'employ-

ment' or 'wages', (305)~~respectively,~~ as defined in this section, had the service been performed in the (306)~~employ of the domestic corporation~~ *United States.* Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, (307)~~in the case of~~ *with respect to* any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, (308)*on or* after the effective date of the agreement, (309)~~become~~ *are* employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

"(A) (310)~~That~~ *that* the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary (311)*or his delegate* may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections (312)~~1400 and 1410, including interest and penalties, if the services of employees covered by the agreement had constituted employment as defined in section 1426~~ *3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which*

would be wages if the services covered by the agreement constituted employment as defined in this section; and

"(B) (313)~~That~~ *that* the domestic corporation will comply with such regulations relating to payments and reports as the Secretary (314)*or his delegate* may prescribe to carry out the purposes of this (315)~~subsection."~~ *subsection.*

"(2) EFFECTIVE PERIOD OF AGREEMENT.—An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

"(3) TERMINATION OF PERIOD BY A DOMESTIC CORPORATION.—The period for which an agreement entered into pursuant to paragraph (1) of this subsec-

tion is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign (316) ~~subsidiary~~ *corporation* shall terminate at the end of any calendar quarter in which the (317) ~~domestic~~ *foreign* corporation, at any time in such quarter, (318) ~~owns 50 per centum or less of the voting stock of such subsidiary~~ *ceases to be a foreign subsidiary as defined in paragraph (8).*

"(4) TERMINATION OF PERIOD BY SECRETARY.—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his dele-

gate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

"(5) NO RENEWAL OF AGREEMENT.—If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety (319)*(A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4)*, the domestic corporation may not again enter into an agreement pursuant to (320)~~such paragraph~~ *paragraph (1)*. If any such agreement is terminated with respect to any (321)*foreign* subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary,

"(6) DEPOSITS IN TRUST FUND.—~~(322) All amounts received by the Secretary pursuant to an agreement entered into under paragraph (1) of this subsection shall be regarded for purposes of section 201 of the Social Security Act as taxes collected pursuant to this subchapter.~~ *For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—*

"(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

"(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or of the regulations issued under this subsection,

shall be considered wages subject to the taxes imposed by this chapter.

"(7) OVERPAYMENTS AND UNDERPAYMENTS.—

"(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such

times as may be required by regulations prescribed by the Secretary (323)*or his delegate.*

"(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

"(8) DEFINITION OF FOREIGN SUBSIDIARY.—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

"(A) (324)~~A~~ *a* foreign corporation more than 50 (325)~~per centum~~ *percent* of the voting stock of which is owned by such domestic corporation; or

"(B) (326)~~A~~ *a* foreign corporation more than 50 (327)~~per centum~~ *percent* of the voting stock of which is owned by the foreign corporation described in subparagraph (328)~~(A).~~" *(A).*

(329)"*(9) DOMESTIC CORPORATION AS SEPARATE ENTITY.—Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the*

case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.

"(330)~~(9)~~ *(10)* REGULATIONS.—Regulations of the Secretary (331)*or his delegate* to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers (332)~~pursuant to subchapter A or E of chapter 9 of this title~~ *pursuant to this title with respect to the taxes imposed by this chapter.*"

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

(333)~~SEC. 210. Section 23 of the Internal Revenue Code (relating to deductions from gross income) is amended by inserting at the end thereof the following new subsection:~~

~~"(gg) PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS. In the case of a domestic corporation, amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 1426 (m) with respect to services~~

~~performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction for income tax purposes under this subsection shall be included in gross income for the taxable year in which received.~~"

SEC. 209. (a) The Internal Revenue Code of 1954 is amended by inserting after section 175 thereof the following new section:

"*SEC. 176. PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.*

"*In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121 (l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received.*"

(b) The table of sections to part VI of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"*Sec. 176. Payments with respect to employees of certain foreign corporations.*"

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

Temporary Extension of 1952 Matching Formula

Sec. 301. Section 8 (e) of the Social Security Act Amendments of 1952 (Public Law 590, Eighty-second Congress) is amended by striking out "September 30, 1954" and inserting in lieu thereof "September 30, (334) ~~1955~~ *1956*".

Temporary Extension of Special Provision Relating to State Plans for Aid to the Blind

Sec. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, Eighty-first Congress) is amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1957".

Technical Amendments

Sec. 303. (a) Sections 3 (b) (1), 403 (b) (1), and 1003 (b) (1) of the Social Security Act are each amended by striking out "one-half" and inserting in lieu thereof "the State's proportionate share".

(b) Section 3 (b) of such Act is amended (1) by striking out "clause (1) of subsection (a)" wherever it appears and inserting in lieu thereof "subsection (a)", (335) ~~and (2)~~

(2) by striking out "such clause" in paragraph (1) and inserting "such subsection" in lieu thereof, and (3) by striking out "increased by five per centum" immediately before the period at the end of paragraph (3).

TITLE IV—MISCELLANEOUS PROVISIONS

Amendments Preserving Relationship Between Railroad Retirement and Old-Age and Survivors Insurance

Sec. 401. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954".

(b) Section 2 (c) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "six" and inserting in lieu thereof "twelve"; and subsection (5) (j) of such Act, as amended, is amended by striking out "sixth" and inserting in lieu thereof "twelfth". The amendments made by this subsection shall be applicable only in the case of applications for annuities under the Railroad Retirement Act filed after (336) ~~the month following the month in which this Act is enacted~~ *August 1954*; except that no individual shall, by reason of such amendment, be entitled to any annuity for any month prior to (337) ~~the fifth month before the month in which this Act is enacted~~ *February 1954*.

(c) Section 5 (l) (9) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "$3,600"

the second time it appears and inserting in lieu thereof "$4,200".

(d) Section 5 (i) (1) (ii) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(ii) will have been under the age of (338)~~seventy-five~~ *seventy-two* and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on seven or more different calendar days in noncovered remunerative activity outside the United States (as defined in section 203 (k) of the Social Security Act); and for purposes of this subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this subdivision applies were entitled to benefits under section 202 of such Act;".

CROSS REFERENCES TO REDESIGNATED PROVISIONS

SEC. 402. References in the Internal Revenue Code (339)*of 1939, the Internal Revenue Code of 1954,* the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this (340)~~Act, and~~

~~references in the Social Security Act, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Internal Revenue Code redesignated by this Act,~~ *Act* shall be deemed to refer to such section or subdivision of a section as so redesignated.

(341) *SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT*

SEC. 403. (a) In any case in which—

(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this Act, by an organization which is exempt from income tax under section 101 (6) of the Internal Revenue Code of 1939 but which has failed to file prior to the enactment of this Act a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939;

(2) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1955 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees

who concurred in the filing of such certificate and such individual's signature had appeared on such list;

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

(4) part of such taxes have been paid prior to the enactment of this Act;

(5) so much of such taxes as have been paid prior to the enactment of this Act have been paid by such organization in good faith and upon the assumption that a waiver certificate had been filed by it under section 1426 (l) (1) of the Internal Revenue Code of 1939; and

(6) no refund of such taxes has been obtained, the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations made under subchapter A of Chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the

Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939.

(b) In any case in which—

(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this Act, by an organization which has filed a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939;

(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service; and

(4) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as

may be prescribed by regulations made under subchapter A of chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939, and such individual shall be deemed to have concurred in the filing of the waiver certificate filed by such organization under section 1426 (l) (1) of the Internal Revenue Code of 1939.

(342) *STUDY OF FEASIBILITY OF PROVIDING INCREASED MINIMUM BENEFITS UNDER TITLE II*

SEC. 404 (a). The Secretary shall conduct a full and complete study with a view to determining the feasibility of increasing the minimum old-age insurance benefit under title II of the Social Security Act to (1) $55 per month, (2) $60 per month, and (3) $75 per month.

(b) Such study shall include (1) a detailed analysis of the estimated increase in cost, if any, involved in increasing such minimum benefit to each of the above referred to amounts, (2) estimates of the financial impact such increase would have upon the Old Age and Survivors Insurance Trust Fund, and (3) an estimate of the amount, if any, by which Federal grants to the States for public assistance would be reduced by reason of such increase in minimum old-age insurance benefits.

(c) The Secretary shall report to the Congress at the earliest practicable date the results of the study provided for by this section.

Passed the House of Representatives June 1, 1954.

Attest: LYLE O. SNADER,
Clerk.

Passed the Senate with amendments August 13 (legislative day, August 5), 1954.

Attest: J. MARK TRICE,
Secretary.

83D CONGRESS
2D SESSION

H. R. 9366

AN ACT

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 13 (legislative day, AUGUST 5), 1954

Ordered to be printed with the amendments of the Senate numbered

authorizing the transfer of personnel and appropriations to defense activities of various departments and agencies pursuant to law, regarding rental of Government-owned living quarters. Contains language, similar to that in previous years, prohibiting the use of funds of corporations for purchase of construction of office buildings, and authorizing the use of appropriated funds to purchase foreign credits owed to or owned by the U. S.

3. PERSONNEL. Received the conference report on H. R. 2263, the so-called fringe-benefits bill (H. Rept. 2665)(pp. 13893-901). The text of the bill, as agreed to by the conferees, is printed in the Record.

4. ATOMIC ENERGY. Redeived the revised conference report on H. R. 9757, to make various changes in the Atomic Energy Act (H. Rept. 2666)(pp. 13873-88). The revised bill is printed in the Record.

5. VEHICLES; FURNITURE. Concurred in the Senate amendments to H. R. 8753, to authorize GSA to establish and operate motor vehicle pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct GSA to report the unauthorized use of Government motor vehicles, and to authorize CSC to regulate operators of Government-owned motor vehicles (p. 13824). This bill will now be sent to the President.

6. DEBT LIMIT. By a division vote of 193 to 31, concurred in the Senate amendment to H. R. 6672, increasing the debt limit of the Government. The amendment provides for a temporary increase of $6 billion until June 30, 1955. (pp. 13824-8). This bill will now be sent to the President.

7. CUSTOMS SIMPLIFICATION. Concurred in the Senate amendments to H. R. 10009, to provide for the review of customs tariff schedules, to improve procedures for the tariff classification of unenumerated articles, and to repeal or amend obsolete provisions of the customs laws (pp. 13822-4). This bill will now be sent to the President.

8. FOREIGN AID; SURPLUS COMMODITIES. House conferees were appointed on H. R. 9924, to provide for family housing for military personnel and their dependents, to authorize the Secretary of Defense to procure such housing for military personnel in foreign countries through the use of foreign currencies obtained through sale of surplus agricultural commodities, and to make Defense Department appropriations available to reimburse CCC in an amount equivalent to the dollar value of the currencies used (p. 13829). Senate conferees have not yet been appointed.

9. SOCIAL SECURITY; FARM LABOR. House conferees were appointed on H. R. 9366, the social security bill, which includes a provision extending social security retirement coverage to approximately 2.6 million additional farm workers (p. 13820). Senate conferees have been appointed.

10. FOREIGN-AID APPROPRIATION BILL, 1955. House conferees were appointed on this bill, H. R. 10051 (p. 13821). Senate conferees have been appointed.

11. EDUCATION. Passed without amendment S. 3629, to amend Public Law 874, 81st Cong., so as to postpone the effective date of the 3-percent "absorption" requirement of school districts in areas affected by Federal activities for 1 additional year (through June 30, 1955). This bill will now be sent to the President.

Passed with amendment S. 3268, to amend Public Law 815, 81st Cong., so as to extend for 3 additional years the program of Federal assistance for school construction under title III thereof (p. 13857).

12. PERSONNEL; RETIREMENT. Passed with amendment S. 3627, to amend the Civil Service Retirement Act so as to tighten up several "loopholes" (pp. 13828-9).

13. FARM LABOR. The Judiciary Committee reported without amendment S. 2862, to provide relief for the sheep-raising industry by making special nonquota immigration visas available to certain skilled alien sheepherders (H. Rept. 2662) (p. 13902).

14. INVESTIGATIONS; PERSONNEL. Passed with amendments S. 2308, to give the Attorney General concurrent jurisdiction over investigation of violations of title 18 of the U. S. Code (regarding crimes) by Government officers and employees, except for members of the armed forces and the Post Office Department (pp. 13859-60).

15. CONVENING OF CONGRESS. Passed without amendment H. J. Res. 585, to provide that the 84th Congress shall convene at noon on Wed., Jan. 5, 1955 (p. 13858).

SENATE

16. FARM LOANS. Concurred in the House amendment to S. 3245, to authorize the Secretary to use $15,000,000 of the Disaster Loan Revolving Fund for emergency loans to farmers and stockmen until June 30, 1955 (p. 13942). This bill will now be sent to the President.

17. RECLAMATION. Discussed and passed over, upon the objection of Sen. Smathers, H. R. 5301, to authorize the Interior Department to make loans to privately owned reclamation projects (pp. 13926-7).

Discussed and passed over, upon the objection of Sen. Smathers, H. R. 9981 to provide for construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies (p. 13928).

Sen. Watkins stated "there is an extreme need for facts to clarify much of the confusion which has resulted from misinformation spread about the upper Colo. River project" and inserted George D. Clyde's (commissioner of interstate streams for Utah) article which discussed the issues (pp. 13909-10).

18. ATOMIC ENERGY. Agreed, 59 to 17, to the revised conference report on H. R. 9757, the atomic energy bill (pp. 13982-5).

19. PERSONNEL. Passed without amendment H. R. 5718, to limit to 6 years the period for collection by the Government of compensation received by officers and employees in violation of the dual compensation laws (p. 13928). This bill will now be sent to the President.

20. TAXATION. Sen. Ferguson inserted the President's statement made upon the signing of H. R. 8300, the general tax revision bill (pp. 13937-42).

21. SOIL CONSERVATION. Sen. Watkins inserted a newspaper editorial and stated that the "role that can be played by the Federal Government in cooperating in watershed improvement program under the Hope-Aiken measure is adequately shown" in this editorial (pp. 13910-1).

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 83d CONGRESS, SECOND SESSION

Vol. 100 WASHINGTON, MONDAY, AUGUST 16, 1954 No. 159

House of Representatives

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, at the beginning of this new week, we are humbly and earnestly beseeching Thee that the whole course of our lives may be directed in true accord with Thy divine will.

Grant that in the welter of life's many conflicting calls and claims we may be inspired by the assurance of Thy sustaining presence to serve our generation faithfully.

Help us to see more clearly that our human life has no defense against despair and defeatism unless we cultivate a greater faith in Thee, whose wisdom is infallible and whose strength is invincible.

Emancipate our troubled and trembling spirits from fear and anxiety and may we put our hands in Thine and hear and heed Thy voice as Thou dost say unto us, "This is the way, walk ye therein."

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, August 12, 1954, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 3516. An act for the relief of Anna K. McQuilkin;

H. R. 8027. An act to amend the act of March 6, 1952 (66 Stat. 16), to extend the time during which the Secretary of the Interior may enter into amendatory repayment contracts under the Federal reclamation laws, and for other purposes;

H. R. 9712. An act granting the consent of Congress to certain New England States to enter into a compact relating to higher education in the New England States and establishing the New England Board of Higher Education;

H. R. 9868. An act to amend the Merchant Ship Sales Act of 1946 to provide for the charter of passenger ships in the domestic trade; and

H. R. 9962. An act to increase by 5 percent the rates of pension payable to veterans and their dependents.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 1665. An act for the relief of Carl Piowaty and W. J. Piowaty;

H. R. 1980. An act to authorize and direct the Commissioners of the District of Columbia to construct a bridge over the Potomac River in the vicinity of Jones Point, Va., and for other purposes;

H. R. 6290. An act to discontinue certain reports now required by law;

H. R. 6672. An act to increase the public debt limit;

H. R. 7762. An act for the relief of M. M. Hess;

H. R. 8193. An act to amend the Refugee Relief Act of 1953;

H. R. 8753. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to establish and operate motor vehicle pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct the Administrator to report the unauthorized use of Government motor vehicles, and to authorize the United States Civil Service Commission to regulate operators of Government-owned motor vehicles, and for other purposes;

H. R. 9002. An act to provide for the retirement of certain officers of the Regular Army and the Regular Air Force at age 60, and for other purposes;

H. R. 9357. An act for the relief of S. H. Prather, Mrs. Florence Prather Penman, S. H. Prather, Jr.;

H. R. 9910. An act to amend section 413 (b) of the Foreign Service Act of 1946; and

H. R. 10009. An act to provide for the review of customs tariff schedules, to improve procedures for the tariff classification of unenumerated articles, to repeal or amend obsolete provisions of the customs laws, and for other purposes.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 114. An act authorizing appropriations for the construction, operation, and maintenance of the western land boundary fence project, and for other purposes;

S. 417. An act conferring jurisdiction upon the United States District Court for the District of New Mexico, to hear, determine, and render judgment upon certain claims arising as a result of the construction by the United States of Elephant Butte Dam on the Rio Grande;

S. 1022. An act for the relief of Harold Swarthout and L. R. Swarthout;

S. 2017. An act to revise the procedure in the district courts relating to the disposition of the wages and effects of deceased and deserting seamen, and for other purposes;

S. 2083. An act for the relief of Lawrence F. Kramer;

S. 2980. An act conferring jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon a claim of the Bunker Hill Development Corp.;

S. 3187. An act to authorize the United States of America to quitclaim all its right, title, and interest in and to certain lands in Arizona, except for mineral interests therein, and for other purposes;

S. 3189. An act providing for the conveyance by the United States to the Monterey County Flood Control and Water Conservation District, Monterey County, Calif., of certain lands in Camp Roberts Military Reservation, Calif., for use as a dam and reservoir site, and for other purposes;

S. 3316. An act to authorize and direct the conveyance of a certain tract of land in the State of Mississippi to Jonathan Jones;

S. 3326. An act for the relief of P. H. McConnell;

S. 3601. An act to provide that the Secretary of Agriculture is authorized to extend until not later than October 18, 1962, certain timber rights and necessary ingress and egress, and for other purposes;

S. 3706. An act to outlaw the Communist Party, to prohibit members of Communist organizations from serving in certain representative capacities, and for other purposes;

S. 3726. An act granting the consent of Congress to certain New England States to enter into a compact relating to higher education in the New England States and establishing the New England Board of Higher Education; and

S. J. Res. 158. Joint resolution to provide for a new third division of the Northern Judicial District of California.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9366. An act to amend the Social Security Act and the Internal Revenue Code

so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MILLIKIN, Mr. MARTIN, Mr. WILLIAMS, Mr. GEORGE, and Mr. BYRD to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 10051. An act making appropriations for mutual security for the fiscal year ending June 30, 1955, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BRIDGES, Mr. FERGUSON, Mr. CORDON, Mr. SALTONSTALL, Mr. DIRKSEN, Mr. HAYDEN, Mr. RUSSELL, Mr. MCCARRAN, and Mr. CHAVEZ to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 22. An act to validate certain payments for accrued leave made to members of the Armed Forces who accepted discharges for the purpose of immediate reenlistment for an indefinite period;

S. 2420. An act to amend section 32 of the Trading With the Enemy Act, as amended;

S. 3233. An act to amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels;

S. 3239. An act to authorize conveyance of land to the State of California for an inspection station;

S. 3379. An act to amend the Flammable Fabrics Act, so as to exempt from its application fabrics and wearing apparel which are not highly flammable; and

S. 3487. An act to authorize the Central Bank for Cooperatives and the regional banks for cooperatives to issue consolidated debentures, and for other purposes.

The message also announced that the Senate had ordered that the House of Representatives be requested to return to the Senate the bill No. H. R. 8932, "An act to reclassify dictophones in the Tariff Act of 1930," and the message of the Senate thereon.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 2263) entitled "An act to authorize the Postmaster General to readjust the compensation of holders of contracts for the performance of mail-messenger service," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CARLSON, Mr. DUFF, and Mr. JOHNSTON of South Carolina to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9757) entitled "An act to amend the Atomic Energy Act of 1946, as amended, and for other purposes."

The message also announced that the Senate further insists on its amendments to the above-entitled bill and asks a further conference with the House on the disagreeing votes of the two Houses thereon and appoints Mr. HICKENLOOPER, Mr. KNOWLAND, Mr. BRICKER, Mr. JOHNSON of Colorado, and Mr. ANDERSON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9678) entitled "An act to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes."

SOCIAL SECURITY ACT AND THE INTERNAL REVENUE CODE

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? The Chair hears none, and appoints the following conferees: Messrs. REED of New York, JENKINS, SIMPSON of Pennsylvania, COOPER, and DINGELL.

SECOND LIBERTY BOND ACT

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6672) to increase the public debt limit, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That during the period beginning on the date of enactment of this act and ending on June 30, 1955, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended, shall be temporarily increased by $6 billion."

The SPEAKER. The Chair recognizes the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, I intend to reserve the right to object for the purpose of making a brief statement. It is my understanding that the gentleman from New York [Mr. MULTER] intends to object, so I shall withhold the statement.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

Mr. MULTER. Mr. Speaker, reserving the right to object, this bill originally came before the House at the end of the last session of this Congress last year. It was requested by the Secretary of the Treasury at that time on his representation to the House that it was needed in order to meet the debt limit; and that if the debt limit were not increased at that time, this Government of ours would not be able to meet its bills as they became due during the calendar year ending December 31 last.

We have now gone almost 13 months since that request was made and the House passed the bill. Now I understand there has been a statement made to the other body, as a result of which the increase requested, instead of being $15 billion, is to be only $6 billion. I think before this House is asked to do anything more with this bill, the Secretary of the Treasury should report to this House and tell us why the difference and why he can now get along with $6 billion increase when he reported to the House last year that he needed $15 billion before the calendar year was over.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield.

Mr. HALLECK. As a matter of fact, the Secretary of the Treasury has made constant representations to all of us in respect to this matter. As far as the action taken by the House of Representatives is concerned, I am completely convinced that if the other body had gone along with us, money would have been saved to the Treasury of the United States. However, they did not.

I rise at this time only to suggest to the gentleman from New York [Mr. MULTER] that this matter must be disposed of. This course seems to be the desirable one and, may I say, the necessary one under all the circumstances. If the gentleman persists in his objection, then, of course, we would have no alternative except to move to suspend the rules to pass the bill because, as I have said, it is something that must be disposed of. I sincerely trust the gentleman from New York [Mr. MULTER], for whom I have the highest admiration, will not press his objection at this time in order that the matter may be disposed of.

Mr. MULTER. Mr. Speaker, in order to make my position perfectly clear, when the matter was before us in the closing days of the last session of this Congress, I raised the objection that this matter was of sufficient importance to require hearings, to require that the testimony be printed and given to the Members before we were called upon to act. Almost 13 months have gone by. I understand there has been a statement made to the other body, but we do not have that statement here. There have been no hearings before the appropriate committee of this House. I think until those hearings are held and we know where we

83D CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
No. 2679

SOCIAL SECURITY AMENDMENTS OF 1954

AUGUST 20, 1954.—Ordered to be printed

Mr. REED of New York, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 9366]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 9, 10, 12, 13, 30, 45, 47, 48, 50, 51, 52, 124, 125, 137, 139, 140, 141, 162, 190 196, 201, 202, 239, 254, 255, 257, 275, and 299.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 5, 6, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 36, 37, 39, 40, 41, 42, 43, 44, 46, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 163, 166, 167, 168, 169, 170, 171, 172, 175, 177, 178, 179, 180, 182, 183, 184, 185, 188, 191, 192, 193, 194, 195, 197, 198, 199, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 258, 259, 260, 261, 262, 263, 264, 267, 268, 272, 273, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 300, 301,

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302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 334, 335, 336, 337, 338, 339, and 340 and agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *$100*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with the following amendments:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 4, of the House engrossed bill, strike out lines 20 and 21.

On page 4, of the House engrossed bill, strike out "(C)" on line 22 and insert (*B*).

On page 6, lines 6 and 7, of the House engrossed bill, strike out "(other than the retirement system of the Tennessee Valley Authority)".

And the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with the following amendments:

On page 2, line 10, of the Senate engrossed amendments, strike out "(c) (1)" and insert the following: (*d*) (*1*)

On page 2, line 15, of the Senate engrossed amendments, strike out "sentence" and insert the following: *sentences*

On page 3, line 6, of the Senate engrossed amendments, strike out "(7)" and insert the following: (*6*) (*as renumbered by subsection* (*g*) (*1*) *of this section*)

On page 3, line 7, of the Senate engrossed amendments, strike out "paragraph (7)" and insert the following: *such paragraph* (*6*)

On page 3, line 9, of the Senate engrossed amendments, strike out "(8)" and insert (*7*)

And the Senate agree to the same.

Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with the following amendments:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 11, of the House engrossed bill, strike out lines 3 through 9 and insert the following:

(*4*) *Section 211* (*c*) (*5*) *of such Act is amended to read as follows:*

"(*5*) *The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veteri-*

narian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership."

And the Senate agree to the same.

Amendment numbered 33:

That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with the following amendments:

On page 7, line 10, of the Senate engrossed amendments, strike out "(i)" and insert (*j*)

On page 7, line 12, of the Senate engrossed amendments, strike out "(g)" and insert (*h*)

And the Senate agree to the same.

Amendment numbered 34:

That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows:

On page 8, line 11, of the Senate engrossed amendments strike out "(j)" and insert (*k*); and the Senate agree to the same.

Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: (*l*); and the Senate agree to the same.

Amendment numbered 38:

That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: (*m*); and the Senate agree to the same.

Amendment numbered 49:

That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment and, on page 23, line 15, of the House engrossed bill, strike out "paragraph (2) of"; and the Senate agree to the same.

Amendment numbered 53:

That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: (*j*) *and* (*m*); and the Senate agree to the same.

Amendment numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment and, on page 24, line 6, of the House engrossed bill, strike out "paragraph (2) of"; and the Senate agree to the same.

Amendment numbered 138:

That the House recede from its disagreement to the amendment of the Senate numbered 138, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment and, on page 57, line 25, of the House engrossed bill, strike out "and (4)" and insert (*4*), *and* (*5*); and the Senate agree to the same.

Amendment numbered 160:

That the House recede from its disagreement to the amendment of the Senate numbered 160, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

Termination of Benefits Upon Deportation

Sec. 107. Section 202 of the Social Security Act is amended by adding after subsection (m) thereof (added by section 102 (i) of this Act) the following new subsection:

"Termination of Benefits Upon Deportation of Primary Beneficiary

"(n) (1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

"(A) no monthly benefit under this section shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence,

"(B) if no benefit could be paid to such individual (or if no benefit could be paid to him if he were alive) for any month by reason of subparagraph (A), no monthly benefit under this section shall be paid, on the basis of his wages and self-employment income, for such month to any other person who is not a citizen of the United States and is outside the United States for any part of such month, and

"(C) no lump-sum death payment shall be made on the basis of such individual's wages and self-employment income if he dies (i) in or after the month in which such notice is received, and (ii) before the month in which he is thereafter lawfully admitted to the United States for permanent residence.

Section 203 (b) and (c) of this Act shall not apply with respect to any such individual for any month for which no monthly benefit may be paid to him by reason of this paragraph.

"(2) As soon as practicable after the deportation of any individual under any of the paragraphs of section 241 (a) of the Immigration and

Nationality Act enumerated in paragraph (1) in this subsection, the Attorney General shall notify the Secretary of such deportation."

And the Senate agree to the same.

Amendment numbered 161:

That the House recede from its disagreement to the amendment of the Senate numbered 161, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *108*; and the Senate agree to the same.

Amendment numbered 164:

That the House recede from its disagreement to the amendment of the Senate numbered 164, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

(b) Subparagraph (B) of section 213 (a) (2) of such Act is amended by inserting "(except wages for agricultural labor paid after 1954)" after "$50 or more in wages" in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following:

"(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are less than $200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $200 but are less than $300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

"(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained retirement age or died or is under a disability and who has been paid wages for agricultural labor in a calendar year after 1954, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters."

And the Senate agree to the same.

Amendment numbered 165:

That the House recede from its disagreement to the amendment of the Senate numbered 165, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *109*; and the Senate agree to the same.

Amendment numbered 173:

That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *110*; and the Senate agree to the same.

Amendment numbered 174:

That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *111*; and the Senate agree to the same.

Amendment numbered 176:

That the House recede from its disagreement to the amendment of the Senate numbered 176, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *112*; and the Senate agree to the same.

Amendment numbered 181:

That the House recede from its disagreement to the amendment of the Senate numbered 181, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *113*; and the Senate agree to the same.

Amendment numbered 186:

That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *114*; and the Senate agree to the same.

Amendment numbered 187:

That the House recede from its disagreement to the amendment of the Senate numbered 187, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

COVERED EMPLOYMENT NOT COUNTED UNDER OTHER FEDERAL RETIREMENT SYSTEMS

SEC. 115. Notwithstanding any other provision of law, in determining eligibility for or the amount of any benefit (other than a benefit under title II of the Social Security Act or under the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof, there shall not be taken into account any service which, by reason of the amendments to section 210 (a) of the Social Security Act made by section 101 (c) of this Act, constitutes employment as defined in such section 210 (a).

And the Senate agree to the same.

Amendment numbered 189:

That the House recede from its disagreement to the amendment of the Senate numbered 189, and agree to the same with the following amendments to the House engrossed bill:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 93, line 5, strike out "481 (a)" and insert *1402 (a)*
On page 93, line 6, after "Internal Revenue Code", insert *of 1954*
On page 93, line 7, strike out "There" and insert *there*
On page 93, line 13, strike out "481" and insert *1402*
On page 93, line 14, after "Code", insert *of 1954*
On page 93, line 16, strike out "and (7)," and insert *(7), and (8),*
On page 93, line 17, strike out "and (6)," and insert *(6), and (7),*
Page 94, line 2, strike out "1426 (h)," and insert *3121 (g),*
Page 94, line 6, strike out "per centum" and insert *percent*
And the Senate agree to the same.

Amendment numbered 200:

That the House recede from its disagreement to the amendment of the Senate numbered 200, and agree to the same with the following amendments:

On page 31, line 10, of the Senate engrossed amendments, strike out "sentence" and insert the following: *sentences*

On page 32, in lines 13 and 14, of the Senate engrossed amendments, strike out "service, described in subsection (c) (4) or (5)," and insert the following: *service described in subsection (c) (4), or service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner,*

On page 32 of the Senate engrossed amendments, beginning with "(computed" in line 20, strike out all through line 2 on page 33 and insert the following: *(computed, in the case of an individual referred to in paragraph (1) (A), without regard to subsection (c) (4), and, in the case of an individual referred to in paragraph (1) (B), without regard to subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner) of $400 or more, any part of which was derived from the performance of service described in subsection (c) (4), or from the performance of service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be.*

On page 33, line 14 of the Senate engrossed amendments, strike out "(8)" and insert the following: *(7) (as renumbered by subsection (a) (2) of this section)*

On page 33, line 15 of the Senate engrossed amendments, strike out "paragraph (8)" and insert the following: *such paragraph (7)*

On page 33, line 17 of the Senate engrossed amendments, strike out "(9)" and insert the following: *(8)*

On page 34 of the Senate engrossed amendments strike out lines 6, 7, and 8 and insert in lieu thereof the following:

(5) Section 1402 (c) (5) of the Internal Revenue Code of 1954 is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterin-

arian, chiropracter, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership."

And the Senate agree to the same.

Amendment numbered 238:

That the House recede from its disagreement to the amendment of the Senate numbered 238, and agree to the same with the following amendment:

On page 99, lines 3 and 4 of the House engrossed bill, strike out "1420 (e) of the Internal Revenue Code" and insert *3122 of the Internal Revenue Code of 1954*; and the Senate agree to the same.

Amendment numbered 256:

That the House recede from its disagreement to the amendment of the Senate numbered 256, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *$100*; and the Senate agree to the same.

Amendment numbered 265:

That the House recede from its disagreement to the amendment of the Senate numbered 265, and agree to the same with the following amendments to the House engrossed bill:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 102, line 4, strike out "1426 (b) of the Internal Revenue Code" and insert *3121 (b) of the Internal Revenue Code of 1954*

On page 102, line 6, strike out "Serv-" and insert *serv-*

On page 102, strike out lines 10 and 11.

On page 102, line 12, strike out "(C)" and insert *(B)*

On page 103, line 3, strike out "Service" and insert *service*

On page 103, in lines 23 and 24, strike out "(other than the retirement system of the Tennessee Valley Authority)".

On pages 104 and 105, strike out subsection (e).

And the Senate agree to the same.

Amendment numbered 266:

That the House recede from its disagreement to the amendment of the Senate numbered 266, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *(e)*; and the Senate agree to the same.

Amendment numbered 269:

That the House recede from its disagreement to the amendment of the Senate numbered 269, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *(f)*; and the Senate agree to the same.

Amendment numbered 270:

That the House recede from its disagreement to the amendment of the Senate numbered 270, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *(c)*, *(d)*, *and (e)*; and the Senate agree to the same.

Amendment numbered 271:

That the House recede from its disagreement to the amendment of the Senate numbered 271, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Amendment Relating to Collection of Employee Tax

Sec. 205A. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C) or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50; and an employer who in any calendar year pays to an employee cash remuneration to which paragraph (8) (B) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar year is less than $100."

And the Senate agree to the same.

Amendment numbered 274:

That the House recede from its disagreement to the amendment of the Senate numbered 274, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and insert in lieu thereof the following:

Filing of Supplemental Lists of Employees by Certain Nonprofit Organizations

Sec. 207. (a) Paragraph (1) of section 3121 (k) of the Internal Revenue Code of 1954 is amended by striking out the third sentence thereof and inserting in lieu thereof the following: "Such list may be amended at any time prior to the expiration of the twenty-fourth month following the first calendar quarter for which the certificate is in effect, by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate."

(b) Paragraph (1) of such section 3121 (k) is further amended by striking out the period at the end of the fifth sentence thereof and inserting in lieu thereof the following: ", except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed."

And the Senate agree to the same.

Amendment numbered 333:

That the House recede from its disagreement to the amendment of the Senate numbered 333, and agree to the same with an amendment as follows:

On page 47, line 2, of the Senate engrossed amendments, strike out "209" and insert *210*; and the Senate agree to the same.

Amendment numbered 341:

That the House recede from its disagreement to the amendment of the Senate numbered 341, and agree to the same with the following amendments:

On page 50, line 21, of the Senate engrossed amendments, after "paid", insert the following: *prior to the enactment of this Act*

On page 51, line 3, of the Senate engrossed amendments, after "filed", insert the following: *on or before January 1, 1957, and*

And the Senate agree to the same.

Amendment numbered 342:

That the House recede from its disagreement to the amendment of the Senate numbered 342, and agree to the same with an amendment as follows:

On page 51, line 16, of the Senate engrossed amendments, after "Secretary", insert the following: *of Health, Education, and Welfare*; and the Senate agree to the same.

DANIEL A. REED,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,
JERE COOPER,
JOHN D. DINGELL,
Managers on the Part of the House.

EUGENE D. MILLIKIN,
EDWARD MARTIN,
JOHN J. WILLIAMS,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes (including changes in section references made necessary by the enactment of the Internal Revenue Code of 1954): 5, 9, 10, 13, 15, 25, 28–30, 32, 35, 37–44, 46–60, 61–63, 67, 68, 71–73, 79, 80, 83, 84, 86, 87, 97, 100–110, 112–124, 135, 138, 142, 143, 146, 147, 149, 150, 152, 153, 155–159, 161, 162, 165, 166, 168–186, 188, 190–199, 201–237, 239–253, 257–259, 261–264, 266–270, 272, 273, 275–297, 298–318, 320, 321, 323–328, 330–333, 335–337, 339, and 340. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

Amendments Nos. 1, 2, and 3: The House bill amended section 209 (h) of the Social Security Act so as to exclude from wages, for purposes of old-age and survivors insurance, cash remuneration paid by an employer to an employee in any calendar year for agricultural labor unless such remuneration is $200 or more. This provision would replace the provision in present law (eliminated by section 101 (a) (4) of the bill) which excludes agricultural labor performed in a calendar quarter from covered employment unless the cash remuneration paid for such labor is $50 or more and the individual performing such labor is "regularly employed" for that purpose. Under the Senate amendments, coverage for agricultural labor would depend upon the payment to the employee of $50 or more in a calendar quarter rather than $200 or more in a calendar year. The Senate recedes from amendments Nos. 1 and 2, and the House recedes from its disagreement to amendment No. 3 with an amendment reducing the amount of such cash remuneration from $200 to $100, with the result that, under the conference agreement, coverage for agricultural labor depends upon the payment to the employee by any one employer of $100 or more in a calendar year.

Amendment No. 4: The House bill removed the exclusion from "employment" of services performed in connection with the production, harvesting, or processing of crude gum (oleo-resin), thereby covering such services under old-age and survivors insurance on the same basis as other agricultural labor. The Senate amendment

restored the provision excluding such services from coverage. The House recedes.

Amendment No. 6: The House bill continued in effect the provisions of the present law excluding from "employment" services performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949. The Senate amendment provided in addition for the exclusion from "employment" of services performed by foreign agricultural workers lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor. The House recedes.

Amendment No. 7: Section 101 (c) of the House bill extended coverage to most service (now excluded) performed by employees of Federal instrumentalities who are not already covered by a federally established retirement system. It also extended coverage to service performed by two groups of employees (employees of Federal home loan banks and individuals subject to the retirement system of the TVA) who are now covered by other retirement systems. Paragraph (3) of section 101 (c) made certain administrative provisions applicable to civilian employees of Coast Guard exchanges and other activities (who constitute one of the groups brought under coverage by the bill). The Senate amendment deleted these provisions, thereby continuing the exclusion of these employees from coverage. The House recedes with an amendment which in effect restores the House language but continues the exclusion from coverage of employees of Federal home loan banks and individuals subject to the retirement system of the TVA.

Amendment No. 8: Section 101 (d) (1) of the House bill provided for the coverage of certain ministers and members of religious orders employed by nonprofit tax-exempt organizations upon the filing by the organization concerned of a certificate (concurred in by two-thirds of the clergymen employees) waiving its exemption from the taxes imposed by the Federal Insurance Contributions Act. Clergymen who concur in the filing of such certificate, and those employed by the organization thereafter, would be covered on a compulsory basis. Section 101 (d) (2) of the House bill provided for the coverage, on a compulsory basis, of self-employed ministers and members of religious orders (as well as other ministers and members of religious orders to the extent that their income is derived from self-employment). Section 101 (d) (3) of the House bill made it clear that nothing in the bill should be construed to mean that any minister is an employee of an organization for any purposes other than those specified.

The Senate amendment struck out these provisions of the House bill, and substituted a new provision which would permit both employed and self-employed ministers and members of religious orders (other than those who have taken a vow of poverty) to elect voluntarily and on an individual basis, as provided in section 1402 (e) of the Internal Revenue Code of 1954 (added by amendment No. 200), to be covered under old-age and survivors insurance as self-employed individuals. The substituted provision would also permit Christian Science practitioners (who under the House bill are covered on a compulsory basis as professional self-employed) to elect coverage on the same individual basis. In addition, the Senate amendment contained a new provision providing that ministers and members of religious

orders (and United States citizens performing ministerial services in the employ of American employers) shall compute their net earnings from self-employment derived from such services without regard to certain provisions of the Internal Revenue Code of 1954 relating to income from sources outside the United States. The House recedes with a clerical amendment.

Amendment No. 11: Section 101 (g) (1) of the House bill extended coverage to self-employed farm operators having annual net earnings of $400 or more from self-employment. It also provided for self-employed farm operators an optional method of reporting income for old-age and survivors insurance purposes; under this provision, the farm operator could presume his net earnings from farming to be 50 per centum of his gross income from farming if such gross income is less than $1,800, and could presume his net earnings from farming to be $900 if such gross income is more than $1,800 and such net earnings (otherwise computed) would be less than $900. Section 101 (g) (2) of the House bill provided that, in determining net earnings from self-employment, rentals paid in the form of crop shares should not be included.

Section 101 (g) (4) of the House bill extended coverage to all professional self-employed individuals, except physicians, on the same basis as nonprofessional self-employed individuals are now covered. Among those to whom coverage would be extended by this provision are lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, optometrists, Christian Science practitioners, architects, accountants (of several specified types), funeral directors, and professional engineers.

The Senate amendment strikes out these provisions, thereby continuing in effect the present exclusion from coverage of self-employed farm operators and self-employed professional individuals.

The House recedes with an amendment which (1) restores the House provisions relating to the coverage of self-employed farm operators, and (2) continues the present exclusion from coverage of most professional self-employed individuals but extends coverage to architects, accountants, funeral directors, and engineers (along with Christian Science practitioners on the basis provided by amendments Nos. 8 and 200).

Amendment No. 12: This amendment, which relates to the exclusion of coal royalties in computing net earnings from self-employment, merely restores a provision, contained in section 101 (g) (3) of the House bill, which was stricken out by amendment No. 11 along with the provisions relating to coverage of self-employed farm operators and self-employed professional individuals. In view of the action taken by the conferees on that amendment, the Senate recedes.

Amendments Nos. 14, 16, 17, 18, and 19: Section 101 (h) (1) of the House bill, relating to the prohibition against coverage of employees in positions under a State or local retirement system, made such prohibition inapplicable to employees who (while holding such positions) are ineligible to be members of such system. The same provision of the House bill provided that individuals in positions under such a system (other than those ineligible for membership and policemen and firemen), either on the date of the enactment of the bill or on the date the State agreement is made applicable to their coverage group, can be covered for old-age and survivors' insurance purposes only upon a referendum. The Senate amendments, which are technical in nature,

divided this provision into two subparagraphs in order to permit the application of separate effective dates to the two parts. The House recedes.

Amendments Nos. 20, 21, 22, 23, and 24: The House bill provided that 90 days' notice be given all eligible employees of any referendum held on the question of whether service subject to a State or local retirement system should be covered under a State agreement for old-age and survivors' insurance purposes. It also provided, as a condition of such coverage, that a majority of the eligible employees must vote in the referendum and that two-thirds of those voting must vote in favor of coverage. The Senate amendments would require that not less than 90 days' notice be given, and that a majority of the eligible employees vote in favor of coverage. The House recedes.

Amendments Nos. 26 and 27: The House bill provided that, if a State or local retirement system covers positions of State employees and employees of one or more political subdivisions, or covers employees of two or more political subdivisions, each such subdivision (and the State, if its employees are also covered) may be deemed to have a separate retirement system for purposes of section 218 of the Social Security Act. The Senate amendments provided that any one or more of the subdivisions concerned (or any one or more of such subdivisions and the State, if State employees are covered) may be deemed to have a separate retirement system; the subdivisions could thus be grouped together, if desired, according to size, location, number, or type of personnel involved. The Senate amendments also provided that, where a retirement system covers positions of employees of more than one institution of higher learning (including a junior college or teachers' college), the employees of each such institution shall (if the State so desires) be deemed to have a separate retirement system for purposes of section 218. The House recedes.

Amendment No. 31: This amendment added to the House bill a new provision, effective January 1, 1955, permitting a State to deem certain inspectors of agricultural products to be State employees who would constitute a separate coverage group for purposes of section 218 of the Social Security Act. The House recedes.

Amendment No. 33: This amendment added to the House bill a new provision permitting the modification of the agreement entered into with the State of Utah pursuant to section 218 of the Social Security Act so that the agreement will apply to services performed by employees of certain designated schools and State agencies (with the employees of each such school and agency constituting a separate coverage group). The State may include any one or more of these groups under the agreement; and any group so included by a modification agreed to before 1955 may be covered retroactively with respect to services performed after any date specified in the modification, but not earlier than December 31, 1950. The House recedes with a clerical amendment.

Amendment No. 34: This amendment added to the House bill a new provision providing that if the agreement entered into with the State of Arizona pursuant to section 218 of the Social Security Act is modified prior to January 1, 1956, so as to make such agreement applicable to service performed by employees in positions covered by the Arizona Teachers' Retirement System (all of whom shall be deemed to constitute a separate coverage group), such modification may be made effective with respect to service performed in such posi-

tions after any effective date specified therein; but not earlier than December 31, 1950. The House recedes with a clerical amendment.

Amendment No. 36: Section 101 (j) of the House bill established a presumption that work deductions have been made from the benefits of certain State and local employees whose services prior to 1955 were covered retroactively by a State under an agreement entered into under section 218 of the Social Security Act. This presumption would enable employees who were entitled to old-age and survivors insurance benefits (and not subject to deduction under section 203 (b) of the Social Security Act) at the time the services were performed to qualify for recomputation of their primary insurance amounts, and would arise solely for the purpose of determining entitlement to such a recomputation. (Under existing law such a recomputation is authorized only where the primary beneficiary has had deductions from benefits on account of services performed during 12 months out of a period of 36 months. This amendment makes clarifying changes with respect to the method of recomputation and provides additional dates as of which an individual may be presumed to become entitled to old-age insurance benefits, but it makes only minor changes in the substance of the House bill. The House recedes.

Amendment No. 45: This amendment would remove funeral directors from the list of the professions excluded from coverage by section 211 (c) (5) of the Social Security Act, thereby covering them under old-age and survivors insurance on a compulsory basis. In view of the action taken by the conferees on amendment No. 11 (relating to professional self-employed), the Senate recedes.

Amendments Nos. 64, 65, and 66: The House bill provided that the determination of an individual's starting and closing dates for purposes of computing his average monthly wage should, where more than one date was possible, be made on the basis of the dates yielding the higher average monthly wage. The Senate amendments would base this determination instead on the dates yielding the higher primary insurance amount, in order to avoid the necessity of using the date which produces the higher average monthly wage even though use of an alternative date would produce a higher primary insurance amount and therefore a higher benefit. The House recedes.

Amendments Nos. 69 and 70: Section 102 (e) (2) of the House bill provided that an individual, in computing his average monthly wage, could drop out the 5 years of lowest earnings (instead of the 4 such years) only if he had at least 20 quarters of coverage prior to his closing date. The Senate amendment eliminated the requirement that the 20 quarters occur prior to the closing date, thereby permitting the 5-year dropout in the case of any individual having at least 20 quarters of coverage regardless of when the quarters occurred. The House recedes.

Amendment No. 74: The House bill provided that an individual could secure a "work recomputation" of his primary insurance amount (to take account of earnings after the last previous computation thereof) only if he has earnings of not less than $1,000 in a calendar year after 1953 and after the last previous computation of such amount. This amendment, in order to conform with the increase made by amendments Nos. 130–134, in the exempt amount for retirement test purposes, would require earnings of more than $1,200 (rather than earnings of "not less than $1,000") in any such

calendar year as a condition of the recomputation. The House recedes.

Amendment No. 75: This amendment added to the House bill a provision making it clear that an individual can qualify for only one "work recomputation" on the basis of earnings in any one calendar year. The House recedes.

Amendment No. 76: Under the House bill, an individual who qualified for a work recomputation before 1955, and who also had enough earnings during 1954 to qualify him for a work recomputation under the new provisions added by the bill, would have to choose one or the other since the recomputation under existing law would preclude a recomputation under the new provisions on the basis of his 1954 earnings. The Senate amendment eliminates the necessity for this choice, thereby making it possible for the individual to obtain the recomputation under existing law and also (if it would increase the benefit) under the new provisions. The House recedes.

Amendments Nos. 77, 78, 81, and 82: Under the House bill, in the first work recomputation to which an individual becomes entitled after enactment all applicable starting and closing dates and benefit formulas would be used, even though the 4 or 5 years of lowest earnings were dropped out in a previous computation of such individual's primary insurance amount. The Senate amendments, to avoid a complete reopening of the benefit recomputation provisions and the necessity of redetermining data already available, would provide that where the drop-out provisions have previously been applied in computing an individual's primary insurance amount, any recomputation shall be made only through use of the new benefit formula in section 215 (a) (1) (A) of the Social Security Act, as amended by the bill. The House recedes.

Amendment No. 85: The House bill permitted the inclusion, in the computation or recomputation of an individual's primary insurance amount, of earnings for the year in which the individual became entitled to old-age insurance benefits or filed his application for recomputation, but only upon application filed after the close of that year. If he should die in the year in which he became entitled to old-age insurance benefits or filed his application for a recomputation, however, the survivors could not obtain a recomputation of his primary insurance amount since they would be entitled to such a recomputation only if the individual himself could have obtained the recomputation upon filing an application therefor in the month of his death. The Senate amendment would make it clear that the survivors could obtain the recomputation. The House recedes.

Amendments Nos. 88, 89, 90, 91, 92, 93, 94, 95, 96, and 98: Section 102 (e) (5) of the House bill contained provisions preserving the rights of individuals to qualify for certain recomputations under existing law prior to 1955. These amendments make it clear that if an individual dies without filing his application for such a recomputation, any of his survivors entitled to monthly benefits or a lump-sum death payment on the basis of his earnings could file an application and secure the recomputation to which he would have been entitled. The House recedes.

Amendment No. 99: The House bill provided that the closing date for an individual who dies or who becomes entitled to old-age insurance benefits in 1956 would be July 1, 1956 (instead of January 1,

1956), if use of the later date would result in a higher primary insurance amount and the individual had not less than six quarters of coverage after 1954; and the later closing date would be permitted in all such cases regardless of which starting date or benefit formula was used. The Senate amendment, to take care of individuals newly covered in 1955, provided that the later closing date would be used only with a starting date of December 31, 1954, and only in computing the primary insurance amount under the new formula contained in section 215 (a) (1) (A) of the Social Security Act, as amended by the bill. The House recedes.

Amendment No. 111: The House bill provided that the recomputation of an individual's primary insurance amount shall be effective (where he has not died) for and after the month in which he filed the application for such recomputation. The Senate amendment, to provide old-age insurance beneficiaries on the rolls in September 1954 with an adequate opportunity to file applications, would provide that the recomputation can be effective for up to 12 months retroactively. The House recedes.

Amendment No. 125: The House bill provided that the amount of a lump-sum death payment under section 202 (i) of the Social Security Act may not exceed $255, which is the maximum (three times the maximum primary insurance amount) permitted under existing law. The Senate amendment would eliminate this limitation, so that the lump-sum death payment based on an individual's earnings would continue to be equal to three times the amount of such individual's primary insurance amount. The Senate recedes.

Amendments Nos. 126, 127, 128, 129, 136, 145, 148, and 154: The House bill retained as a part of the retirement test the provisions of present law (section 203 of the Social Security Act) which provide that deductions from benefits on account of earnings shall be made only for months in which the beneficiary concerned (or, in the case of dependents' benefits, the old-age insurance beneficiary) is under the age of 75. The Senate amendment lowered from 75 to 72 the age above which such deductions will not be imposed under the amended provisions of section 203 (or under those of the present provisions of section 203 which, to take care of individuals whose taxable years do not coincide with the calendar year, will remain in effect for months after 1954). The House recedes.

Amendments Nos. 130, 131, 132, 133, 134, and 144: The House bill, in placing the retirement test entirely on an annual basis, provided that no deductions from benefits would be made on account of earnings if such earnings do not exceed $1,000 for a taxable year of 12 months (or a proportionate amount for a shorter taxable year). The Senate amendment increased the amount of earnings permitted without deduction from benefits to $1,200 for a taxable year of 12 months (or $100 times the number of months involved for a shorter taxable year). The House recedes.

Amendments Nos. 137, 139, 140, and 141: The House bill, in combining wages and net earnings from self-employment as "earnings" for retirement test purposes, included earnings derived from noncovered employment within the United States as well as net earnings from self-employment derived from certain noncovered trades and businesses. The Senate amendment provided that only earnings arising from covered employment and self-employment shall be in-

cluded in "earnings" for retirement test purposes. (It is expected that the possibility of changing the date for filing reports of earnings for retirement test purposes, so as to conform with the new April 15 filing date for income-tax returns, will be considered early in the next session of Congress.) The Senate recedes.

Amendment No. 151: The House bill contained a provision requiring that deductions be made from the benefits of survivors and dependents who are residing abroad, except in certain specified cases. The Senate amendment deleted this provision. The House recedes.

Amendment No. 160: Section 107 of the House bill provided that any wages and self-employment income earned by an individual while he is unlawfully in the United States may not be counted in computing his benefits, if the Attorney General has notified the Secretary of such unlawful residence. Section 108 of the House bill provided that no benefits shall be paid under section 202 of the Social Security Act on the basis of the wages and self-employment income of any individual after such individual has been deported under any one of fourteen specified paragraphs of section 241 (a) of the Immigration and Nationality Act, if the Attorney General has notified the Secretary of such deportation. The Senate amendment deleted these provisions of the House bill.

The House recedes with an amendment providing that (1) no such benefits shall be paid to any individual on the basis of his wages and self-employment income for any month after the Attorney General notifies the Secretary that such individual has been deported under one of the specified paragraphs and before he has been lawfully readmitted to the United States, (2) no benefits shall be paid to any survivor or dependent of an individual so deported and not lawfully readmitted for any month in which such survivor or dependent is outside the United States, except in the case of survivors and dependents who are citizens of the United States, and (3) earnings by such individual after he has been so deported shall not deprive his survivors and dependents (under section 203 of the Social Security Act) of benefits to which they are otherwise entitled.

Amendment No. 163: The House bill provides an alternative basis for determining fully insured status in the case of individuals newly covered on January 1, 1955 (and others living on that date). Under this provision, the individual would be fully insured for old-age and survivors insurance purposes if all of the quarters elapsing after 1954 and before July 1, 1956, or (if later) before the quarter in which he attains retirement age or dies, are quarters of coverage. The Senate amendment makes it clear that there must be at least six of such quarters so elapsing. The House recedes.

Amendment No. 164: Section 109 (b) of the House bill amended section 213 (a) (2) (B) of the Social Security Act so as to provide a method for crediting quarters of coverage on the basis of annual amounts of wages received for agricultural labor. The Senate amendment deleted this provision as being unnecessary when it placed the coverage test for agricultural labor on a quarterly rather than an annual basis. The House recedes with an amendment which in effect restores the House language with an appropriate modification to conform with the action taken by the conferees on amendments Nos. 1–3 (relating to coverage for agricultural labor).

Amendment No. 167: The House bill provided that any individual who died prior to September 1, 1950, having at least six quarters of

coverage but not being fully insured under the law in effect at that time, shall be deemed to have died a fully insured individual (except for purposes of determining entitlement of a former wife divorced). Such individual's primary insurance amount would be computed under the provisions of section 215 (d) (4) of the present Social Security Act, except that his closing date would be the first day of the quarter in which he died. The Senate amendment provided that if the individual was currently insured when he died, and some other person was entitled to a benefit on the basis of his wages, his primary insurance benefit would be computed under the act as in effect prior to September 1950; in all other cases the computation would be as provided in the House bill. The House recedes.

Amendment No. 187: This amendment adds to the bill a new section providing that service which is performed after 1954 in the employ of the Federal Government, and which constitutes "employment" under section 210 (a) of the Social Security Act, shall not be credited toward benefits under any federally established retirement system other than the old-age and survivors' insurance system and the railroad retirement system. The House recedes with an amendment limiting the application of the section to Federal service newly covered by the bill.

Amendment No. 189: This amendment would delete section 201 (a) of the House bill, which made the necessary changes in the provisions of the Internal Revenue Code relating to the exclusion of farm income from "net earnings from self-employment" for purposes of the Self-Employment Contributions Act to correspond with the changes made in section 211 (a) of the Social Security Act (relating to coverage of self-employed farm operators for old-age and survivors' insurance purposes). To conform with the action taken by the conferees with respect to the coverage of these farm operators, the Senate recedes.

Amendment No. 200: This amendment would delete section 201 (c) of the House bill, which made the necessary changes in the provisions of the Internal Revenue Code relating to the exclusion of professional services from the definition of "trade or business" for purposes of the Self-Employment Contributions Act to correspond with the changes made by the House bill in section 211 (c) of the Social Security Act (relating to the exclusion from coverage of professional self-employed individuals for old-age and survivors' insurance purposes).

In addition, this amendment would add new provisions to section 1402 of the Internal Revenue Code of 1954 to replace the provisions stricken out by amendments Nos. 8 and 274, and to conform with the new provisions added by amendment No. 8 (as well as those added by amendment No. 45, relating to coverage of funeral directors). Section 1402 (e), as added by this amendment, would permit any employed or self-employed minister or member of a religious order (other than one who has taken a vow of poverty), and any Christian Science practitioner, to file a certificate certifying that he elects to be covered by the old-age and survivors insurance system established by title II of the Social Security Act. Any such individual would be covered as a self-employed individual (and subject to the self-employment tax) for the taxable year with respect to which the certificate is filed and all succeeding taxable years, but he would be required to file such certificate on or before the due date of the return for his second taxable year ending after 1954 for which he has net earnings

from self-employment (some part of which was derived from service as such minister, member, or practitioner) of $400 or more.

The House recedes with amendments (1) conforming with the action taken by the conferees on amendment No. 11 (relating to the coverage of self-employed professional individuals), and (2) making certain clerical, clarifying, and conforming changes.

Amendment No. 238: This amendment would delete section 203 of the House bill, which made the necessary changes in the Internal Revenue Code to correspond with the changes made by the House bill in section 205 (p) (3) of the Social Security Act (relating to the application of certain special rules to civilian employees of Coast Guard exchanges). To conform with the action taken by the conferees with respect to the coverage of Federal employees, the Senate recedes.

Amendments Nos. 254, 255, and 256: These amendments make changes in the provisions of the Internal Revenue Code relating to the exclusion of cash remuneration paid for agricultural labor from "wages" for purposes of the Federal Insurance Contributions Act which correspond with the changes made by the Senate amendments in section 209 (h) of the Social Security Act (relating to coverage of agricultural labor for old-age and survivors insurance purposes). The Senate recedes from amendments Nos. 254 and 255, and the House recedes from its disagreement to amendment No. 256 with an amendment to conform with the action taken by the conferees on amendments Nos. 1–3 (relating to coverage of agricultural labor).

Amendment No. 260: This amendment makes changes in the provisions of the Internal Revenue Code relating to the exclusion of certain forms of agricultural labor from "employment" for purposes of the Federal Insurance Contributions Act which correspond with the changes made by Senate Amendments Nos. 4 and 6 in section 210 (a) (1) of the Social Security Act (relating to the exclusion from coverage for old-age and survivors' insurance purposes of services performed as crude gum workers and as West Indian agricultural workers lawfully admitted to the United States on a temporary basis). To conform with the action taken by the conferees with respect to the coverage of such services, the House recedes.

Amendment No. 265: This amendment would delete section 205 (d) of the House bill, which made the necessary changes in the provisions of the Internal Revenue Code relating to the exclusion of Federal service from "employment" for purposes of the Federal Insurance Contributions Act to correspond with the changes made by the House bill in section 210 (a) of the Social Security Act (relating to the exclusion of Federal service from "employment" for old-age and survivors' insurance purposes).

This amendment would also delete section 205 (e) of the House bill, which made the necessary changes in the provisions of the Internal Revenue Code relating to the exclusion from "employment" of services performed in the employ of nonprofit tax-exempt organizations for purposes of the Federal Insurance Contributions Act to correspond with the changes made by the House bill in section 210 (a) of the Social Security Act (relating to the exclusion from coverage for old-age and survivors' insurance purposes of services performed in the employ of such organizations).

The House recedes with an amendment to conform with the action taken by the conferees on amendment No. 7 (which in effect restored

the House language relating to coverage of Federal employees but continued the exclusion from coverage of Federal home loan bank employees and TVA employees) and amendment No. 8 (which provided for the coverage of ministers on an individual voluntary basis).

Amendment No. 271: The Senate amendment added to the House bill a new section making it clear that an employer may deduct, from the remuneration paid by him to an employee for domestic service, for service not in the course of his trade or business, for agricultural labor, or for industrial homework, an amount equivalent to the employee tax imposed by section 3101 of the Internal Revenue Code of 1954, even though at the time of payment he cannot be certain that the test for liability to the tax will be met. The House recedes with an amendment designed to conform with the action taken by the conferees in placing the coverage and taxability tests for agricultural labor on an annual basis.

Amendment No. 274: This amendment deletes the provisions of the House bill which established procedures for the filing of certificates by nonprofit organizations, waiving their tax exemption with respect to ministers and members of religious orders in their employ, in order to enable such ministers and members of religious orders to obtain coverage under the old-age and survivors' insurance system. To conform with the action taken by the conferees on amendments Nos. 8 and 200, the House recedes, with an amendment providing that the list accompanying any certificate filed by a nonprofit organization with respect to its lay employees may be amended (by filing a supplemental list, as provided in existing law) only within a period of 2 years after the certificate takes effect.

Amendment No. 319: The House bill provided that whenever a domestic corporation enters into an agreement to have the employees of one or more of its foreign subsidiaries covered under old-age and survivors insurance, and such agreement is terminated in its entirety, the domestic corporation may not again enter into such an agreement. Under the Senate amendment, the prohibition against entering into a later agreement would exist only if the former agreement was terminated by a notice of termination filed by the domestic corporation or by the Secretary or his delegate. The House recedes.

Amendment No. 322: The House bill provided that all amounts received by the Secretary from a domestic corporation pursuant to an agreement for the coverage of the employees of a foreign subsidiary of such corporation should be regarded for purposes of section 201 of the Social Security Act (relating to the Federal Old-Age and Survivors Insurance Trust Fund) as taxes collected under the Federal Insurance Contributions Act. The Senate amendment provided that, for purposes of section 201, remuneration (paid for services covered by the agreement) which would constitute wages if the services constituted employment, and which is reported to the Secretary or his delegate pursuant to the agreement or appropriate regulations, shall be considered wages subject to employment taxes. The House recedes.

Amendment No. 329: This amendment added to the House bill a new provision requiring that each domestic corporation which enters into an agreement for the coverage of the employees of one or more foreign subsidiaries shall be considered an employer in its capacity as a party to such agreement, separate and distinct from its identity as an employer of individuals on its own account. The House recedes.

Amendment No. 334: Section 301 of the House bill extended for one additional year (to September 30, 1955) the provision of the 1952 amendments to the Social Security Act which increased the proportion of State public assistance expenditures to be borne from Federal funds. The Senate amendment extended that provision for 2 additional years (to September 30, 1956). The House recedes.

Amendment No. 338: This amendment lowers from 75 to 72 the age above which deductions from railroad retirement survivor benefits on account of outside earnings will not be imposed under the Railroad Retirement Act of 1937. In order to conform with the action taken by the conferees in dealing with the corresponding age requirement for the retirement test in section 203 of the Social Security Act, the House recedes.

Amendment No. 341: This amendment would add to the House bill a new section 403, relating to service performed in the employ of certain tax-exempt organizations after 1950 and prior to 1955. Under this amendment, if an individual was employed during such period by a tax-exempt organization which failed to file a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939, and his service would have constituted employment if the organization had filed such certificate, the individual will be deemed to have received remuneration for employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) to the extent that employment taxes (not refunded) have been paid with respect thereto. Taxes paid prior to the enactment of the bill must have been paid in good faith and upon the assumption that the certificate was filed. Similarly, if the organization filed the certificate but the individual's signature did not appear on the list of concurring employees, his remuneration may be deemed to constitute remuneration for employment to the extent that employment taxes (not refunded) were paid with respect thereto. The House recedes with an amendment making it clear that in either case a part of the employment taxes must have been paid before the enactment of the bill, and providing that the individual concerned (where the certificate was filed but his signature did not appear on the list) must file his request to have such remuneration treated as remuneration for employment within 2 years after the enactment of the bill.

Amendment No. 342: This amendment added to the House bill a new section 404, which would direct the Secretary to conduct a full and complete study of the feasibility of providing increased minimum benefits ($55, $60, or $75 a month) under title II of the Social Security Act. The study would include estimates of the increased costs involved, the impact on the Trust Fund, and the reductions in public assistance grants which might result from such increased benefits. The House recedes with an amendment to make it clear that the "Secretary" is the Secretary of Health, Education, and Welfare.

DANIEL A. REED,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,
JERE COOPER,
JOHN D. DINGELL,
Managers on the Part of the House.

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued August 21, 1954
For actions of August 20, 1954
83rd-2nd, No. 163

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Both Houses agreed to conference report on social-security bill. Ready for President. Senate passed Federal pay-raise bill, and House agreed. Ready for President. Sens. Kerr and Anderson requested additional drought relief. Rep. Miller, Kans., spoke in favor of soil conservation on watersheds. Rep. Jones, Mo., criticized USDA action on ASC committeemen's tenure. Rep. Poage criticized administration's farm program. House adjourned sine die; Senate adjourned subject to recall.

SENATE

1. SOCIAL SECURITY. Both Houses agreed to the conference report on H. R. 9366, to amend the Social Security Act (pp. 14628-36, 14532-44). The conferees agreed to extend OASI coverage to farm operators as provided in the House bill; to extend such coverage to employees of all Federal instrumentalities (except home loan banks and TVA) who are not covered by another Federal retirement system; to cover all agricultural workers who are paid at least $100 in cash wages by one employer in a calendar year, but to exclude individuals performing services in connection with production or harvesting of gum naval stores, and temporary workers who have been lawfully admitted to the U. S. from the Bahamas, Jamaica, and other British West Indies; and to liberalize the benefits to those covered by the program. This bill will now be sent to the President.

2. PERSONNEL. Passed, 69-4, H. R. 7774, with the committee amendment (in the nature of a substitute), which provides for a 5% pay raise for Federal employees (with a minimum of $170 and a maximum of $440 and with a provision that salaries of $14,800 or more shall not be increased), and increases the maximum per-diem allowance (in connection with travel) from $9 a day to $12 a day. Agreed to an amendment by Sen. Carlson to strike out the provision regarding the Whitten

rider, since this subject was covered in the fringe-benefits bill. Rejected, 16-55, a modified amendment by Sen. Knowland to provide a pay raise of 3½% (with a minimum of $100 and a maximum of $440) and an increase in postal rates. (pp. 14560-81.)

The House concurred in the Senate version of the bill (pp. 14530-2, 14544-7). This bill will now be sent to the President.

Sen. Johnston urged that Government employees be excused from work in order to attend the American Legion parade (pp. 14685-6).

3. DROUGHT RELIEF. Sen. Kerr criticized the Department's administration of drought relief and charged that it is inadequate. Sen. Anderson suggested some changes in the program. (pp. 14694-700.)

4. SURPLUS PROPERTY. Passed without amendment H. R. 10187, to provide for payment of appraisers', auctioneers', and brokers' fees from the proceeds of disposal of Government surplus real property (p. 14640). This bill will now be sent to the President.

5. RECLAMATION. Continued debate on S. 1555, to authorize the upper Colo. project (pp. 14610, 14615, 14641, 14677-82).

Discussed and, on objection of Sen. Gore, passed over H. R. 5301, to authorize the Interior Department to make loans to privately owned reclamation projects (pp. 14640-1).

Sen. Humphrey inserted the President's statement on signing H. R. 5731, to authorize the Santa Margarita project, Calif. (p. 14583).

6. FARM LABOR. Agreed to the House amendments to S. 2862, to provide relief to the sheep-raising industry by making special nonquota immigration visas available to certain skilled alien sheepherders (pp. 14609-10). The House passed the bill with amendments earlier in the day (pp. 14506-7). This bill will now be sent to the President.

7. SURPLUS COMMODITIES; PUBLIC WORKS. Sen. Clements recommended distribution of surplus agricultural commodities to the unemployed, and the institution of Government public works to relieve unemployment (pp. 14688-92).

8. FARM LOANS; PERSONNEL. Sen. Cooper commended the record of Mr. McLeaish and the Farmers' Home Administration (p. 14700).

9. APPOINTMENTS. Sen. Gore was appointed to the U. S. delegation to Review Section of the General Agreement on Tariffs and Trades, and Sen. Kennedy was appointed to the subcommittee, established pursuant to S. Res. 214, to study the technical assistance and related programs (p. 14646).

10. ADJOURNED "until the fifth day after the Senators are notified to reassemble by the majority and minority leaders..., acting jointly" (pp. 14636, 14708, 14709).

HOUSE

11. ASC COMMITTEES. Rep. Jones, Mo., spoke against any limit on the number of terms of community committeemen and said any such limit would be contrary to the spirit of the farm program bill (p. 14509).

12. SOIL CONSERVATION; FLOOD CONTROL. Rep. Miller, Kans., spoke in favor of soil conservation on watersheds and against large dams for flood control (p.14530).

system for the granting of incentive awards to officers and employees of the United States, and for other purposes, as amended by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. WICKERSHAM. Mr. Speaker, reserving the right to object, I should like to inquire of the majority leader, since he is requesting permission to suspend some more rules and have some more unanimous-consent requests, if it would not be possible to consider the Washita project, S. 118, which passed the Senate unanimously, which was strongly recommended by the President of the United States in his budget message, and in which no later than yesterday the Secretary of the Interior stated he favored and which the Department of the Air Force has indicated it is highly essential to the air base at Clinton, Okla.

Would the gentleman consider calling up this measure under unanimous consent or under suspension? Three weeks ago the same bill was reported out of committee by a 10 to 3 vote. At the same time the Rules Committee was meeting and the administration leaders informed us that they would not meet any more. Is there any chance?

Mr. HALLECK. The gentleman has discussed this matter with me several times. My position with respect to it is unchanged. There are a great many measures that will not be acted upon at this session of the Congress for one reason or another. That is all I can say to the gentleman at this time.

Mr. WICKERSHAM. I withdraw my reservation of objection, Mr. Speaker, and trust that the majority leader may reconsider and change his attitude in the future.

Mr. Speaker I wish to read the copy of a letter to the majority leader, which the Air Force delivered to me today.

I quote the letter:

DEPARTMENT OF THE AIR FORCE,
Washington, D. C., August 20, 1954.

Hon. CHARLES A. HALLECK,
House of Representatives,
Washington, D. C.

DEAR MR. HALLECK: My attention has been called to S. 118, a bill "to authorize the Secretary of the Interior to construct, operate, and maintain the initial phase of the Washita River Basin reclamation project, Oklahoma."

A development of an irrigation and reclamation project in this area will undoubtedly have several beneficial effects upon the Clinton-Sherman Air Force Base. We are informed that the water table which serves the wells supplying the airbase has been falling. Thus, the impounding of water may serve as a potential standby for these wells. Furthermore, we envision several thousand military personnel and civilian dependents as ultimately being stationed in the area. Owing to the nonavailability of on-base family housing, it is clear that adjacent communities will be augmented, which in turn will serve to place a further drain on the present water supply in those surrounding communities. Another considerable benefit of this project would be the creation of a potential recreation area for our personnel.

In consequence of the benefits we have mentioned, we feel that passage of this bill would be in the overall interest of the Department of the Air Force.

Sincerely yours,

JAMES H. DOUGLAS,
Under Secretary.

Mr. SMITH of Virginia. Mr. Speaker, reserving the right to object, does the gentleman know what this new bill is?

Mr. HALLECK. Yes, I think I know fairly well what it is.

Mr. SMITH of Virginia. Would the gentleman impart that same information to the membership of the House?

Mr. HALLECK. Yes. It is a bill, the principal part of which, of course is the Senate amendment, which was just adopted today. It provides in its general terms for a 5-percent increase for postal employees and a 5-percent increase for classified employees. It has certain other features, one of which is the appointment of a commission to study the matter of reclassification.

Mr. SMITH of Virginia. Mr. Speaker, further reserving the right to object, there are 29 Members of the House who, feeling very deeply that it was necessary to reduce expenditures here and balance the budget, went out right far on the limb the other day in order to try and sustain the position of the President of the United States who had the same objective in view, according to his statements.

I would like to know in determining whether I should object to this request or not, whether the President has abandoned his previous expressions of his intent to see that this budget was not further unbalanced by this proposition unless the necessary revenues to meet the payments were included in the bill.

Mr. HALLECK. Let me say to the gentleman, as far as I know, the President has not reversed his position. I think that was expressed in the other body by those qualified to speak there in the debate.

May I also say to the gentleman that as far as I am concerned my personal position has not changed.

I took the position from the beginning that there should be an increase in postal rates, may I say an increase that I think has been long overdue, to offset this cost. That is my present position.

We have all got to be practical.

Mr. SMITH of Virginia. Yes, yes. And this matter of balancing the budget I consider the most practical with which we have to deal.

Mr. HALLECK. Yes, that is right, that is very true.

And may I say to the gentleman he and I have been great friends for a long time, and I will put my record up against his in that regard.

May I also say to the gentleman that in asking this consent request do not get the impression I am indicating support for this bill, because I am not. I want that understood.

It is quite apparent to me that this Congress is not going to adjourn until this measure is acted upon. When the sine die adjournment resolution is adopted, as I hope it will be adopted today after the social-security conference report is acted upon here and acted upon in the other body, I hope that the amended adjournment resolution which we sent to the other body some days ago will then come before us.

My whole purpose here is to dispose of the matter at this time ahead of the vote on the sine die adjournment resolution in order that our work may be quickly terminated.

Mr. SMITH of Virginia. I am wondering if we will have copies of the bill available when it comes over here.

Mr. HALLECK. I think the amendment was printed in the other body. I am quite sure that it was, and undoubtedly those copies will be available.

Mr. SMITH of Virginia. May I say to the majority leader that his friendship for me is fully reciprocated. I have admired his courage through the years that I have served with him. What I have had to say here is no criticism of the Majority Leader, for whom I have the highest regard and affections; but I would like to repeat that those of us who have felt so deeply, I am sure, the desirability, and the necessity of bringing this budget within reach of balance, it is difficult for us to understand when we support the President at some personal and political sacrifices in his declared efforts to do certain things that will bring that about, it is difficult for us to understand why suddenly the rug is pulled out from under us, leaving us in midair.

Mr. HALLECK. May I say to the gentleman, if he will yield, that the rug is not being pulled out from under anyone.

The gentleman will remember that some days ago we took action on a combined bill. It was the text of both bills that had been reported by the Committee on Post Office and Civil Service. One provided for an increase of rates—and may I say a reasonable increase in rates, a needed increase in rates, and what we conceived to be a reasonable increase in pay for postal employees and provision for reclassification subject to veto of the Congress of the United States.

I did everything in my power to bring that bill to passage because I thought it was right, and the RECORD will disclose that of the Republicans, all but two voted for it. We tried to enact a program, the kind of a program the gentleman from Virginia talks about. We did not succeed in that attempt because there were not enough votes on that side to pass the measure. Here we are confronted with a practical situation. The House of Representatives, not with my vote, passed some days ago a bill for postal employees. The other body by an overwhelming vote, may I say to the gentleman from Virginia—I understand 69 to 4—passed this bill. Under the circumstances, I do not think it is incumbent upon me or the Speaker to take the individual responsibility of saying to the House of Representatives that under those circumstances you cannot act on the measure.

Mr. SMITH of Virginia. Perhaps the gentleman is right, but it does not seem to me to be the proper way to legislate; that is, to bring in a new bill here that

the Members do not know anything about and have never seen and pass it without any opportunity for amendment or discussion.

Mr. DINGELL. Mr. Speaker, reserving the right to object, and I shall not object, I want to ask what I believe to be a pertinent question. I may say to my friend from Indiana, the majority leader, that frankly I am not satisfied even with a 5-percent increase. I think it might well be 7 or 10 percent. We have been lagging behind this program all of these years. But I would like to know now at this late hour that we may finally have an increase in pay for the postal employees and for other classified Federal employees whether the bill provides a retroactive increase in pay or will the pay increase be current or after enactment, and, if so, when?

Mr. HALLECK. I am informed it is current. May I say to the gentleman from Michigan that what we are doing now is to complete the procedure. I take it a second will be demanded, which will give 20 minutes of debate on each side. I do not pretend to be an expert on all features of this bill. We have had a number of things here that have come along rapidly in recent days.

Mr. DINGELL. I am not going to ask for a second because I want to speed up the moment when these employees will know that they are going to get a pay increase.

Mr. SIEMINSKI. Mr. Speaker, reserving the right to object to ask one question: Does this companion bill giving a rate increase with a salary increase encompass the proposition that rates will be increased to wipe out the whole postal deficit, or are we putting this on a special charge account levied against the people, still leaving the commercial users of the mails to run riot to the extent of a deficit of over $400 million? Do you lump them together or is this a specified rate increase for a specified purpose?

Mr. HALLECK. The bill we brought in under suspension would have raised or would have increased the rates about $230 million. It would not have wiped out the current deficit of $400 million. This bill has no provision at all for rate increase. It will cost the Post Office Department and also the taxpayers an additional $112 million. That is not good business.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

AMENDMENT TO SOCIAL SECURITY ACT AND THE INTERNAL REVENUE CODE

Mr. REED of New York submitted the following conference report and statement on the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 2679)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 9, 10, 12, 13, 30, 45, 47, 48, 50, 51, 52, 124, 125, 137, 139, 140, 141, 162, 190, 196, 201, 202, 239, 254, 255, 257, 275, and 299.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 5, 6, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 36, 37, 39, 40, 41, 42, 43, 44, 46, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 163, 166, 167, 168, 169, 170, 171, 172, 175, 177, 178, 179, 180, 182, 183, 184, 185, 188, 191, 192, 193, 194, 195, 197, 198, 199, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 258, 259, 260, 261, 262, 263, 264, 267, 268, 272, 273, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 334, 335, 336, 337, 338, 339, and 340 and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$100"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with the following amendments:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 4, of the House engrossed bill, strike out lines 20 and 21.

On page 4, of the House engrossed bill, strike out "(C)" on line 22 and insert "(B)."

On page 6, lines 6 and 7, of the House engrossed bill, strike out "(other than the retirement system of the Tennessee Valley Authority)."

And the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with the following amendments:

On page 2, line 10, of the Senate engrossed amendments, strike out "(c)(1)" and insert the following: "(d) (1)."

On page 2, line 15, of the Senate engrossed amendments, strike out "sentence" and insert the following: "sentences."

On page 3, line 6, of the Senate engrossed amendments, strike out "(7)" and insert the following: "(6) (as renumbered by subsection (g) (1) of this section)."

On page 3, line 7, of the Senate engrossed amendments, strike out "paragraph (7)" and insert the following: "such paragraph (6)."

On page 3, line 9, of the Senate engrossed amendments, strike out "(8)" and insert "(7)."

And the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with the following amendments:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 11, of the House engrossed bill, strike out lines 3 through 9 and insert the following:

"(4) Section 211 (c) (5) of such Act is amended to read as follows:

"'(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership.'"

And the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with the following amendments:

On page 7, line 10, of the Senate engrossed amendments, strike out "(i)" and insert "(j)."

On page 7, line 12, of the Senate engrossed amendments, strike out "(g)" and insert "(h)."

And the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: On page 8, line 11, of the Senate engrossed amendments strike out "(j)" and insert "(k)"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(l)"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(m)"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 23, line 15, of the House engrossed bill strike out "paragraph (2) of"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(j) and (m)"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 24, line 6, of the House engrossed bill, strike out "paragraph (2) of"; and the Senate agree to the same.

Amendment numbered 138: That the House recede from its disagreement to the amendment of the Senate numbered 138, and

agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 57, line 25, of the House engrossed bill, strike out "and (4)" and insert: ", (4), and (5)"; and the Senate agree to the same.

Amendment numbered 160: That the House recede from its disagreement to the amendment of the Senate numbered 160, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

"TERMINATION OF BENEFITS UPON DEPORTATION

"SEC. 107. Section 202 of the Social Security Act is amended by adding after subsection (m) thereof (added by section 102 (i) of this Act) the following new subsection:

"'*Termination of Benefits Upon Deportation of Primary Beneficiary*

"'(n) (1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

"'(A) no monthly benefit under this section shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence,

"'(B) if no benefit could be paid to such individual (or if no benefit could be paid to him if he were alive) for any month by reason of subparagraph (A), no monthly benefit under this section shall be paid, on the basis of his wages and self-employment income, for such month to any other person who is not a citizen of the United States and is outside the United States for any part of such month, and

"'(C) no lump-sum death payment shall be made on the basis of such individual's wages and self-employment income if he dies (i) in or after the month in which such notice is received, and (ii) before the month in which he is thereafter lawfully admitted to the United States for permanent residence.

Section 203 (b) and (c) of this Act shall not apply with respect to any such individual for any month for which no monthly benefit may be paid to him by reason of this paragraph.

"'(2) As soon as practicable after the deportation of any individual under any of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) in this subsection, the Attorney General shall notify the Secretary of such deportation.'"

And the Senate agree to the same.

Amendment numbered 161: That the House recede from its disagreement to the amendment of the Senate numbered 161, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "108"; and the Senate agree to the same.

Amendment numbered 164: That the House recede from its disagreement to the amendment of the Senate numbered 164, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"(b) Subparagraph (B) of section 213 (a) (2) of such Act is amended by inserting '(except wages for agricultural labor paid after 1954)' after '$50 or more in wages' in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following:

"'(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are less than $200; (b) the last 2 quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $200 but are less than $300; (c) the last 3 quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

"'(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained retirement age or died or is under a disability and who has been paid wages for agricultural labor in a calendar year after 1954, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters.'"

And the Senate agree to the same.

Amendment numbered 165: That the House recede from its disagreement to the amendment of the Senate numbered 165, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "109"; and the Senate agree to the same.

Amendment numbered 173: That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "110"; and the Senate agree to the same.

Amendment numbered 174: That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "111"; and the Senate agree to the same.

Amendment numbered 176: That the House recede from its disagreement to the amendment of the Senate numbered 176, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "112"; and the Senate agree to the same.

Amendment numbered 181: That the House recede from its disagreement to the amendment of the Senate numbered 181, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "113"; and the Senate agree to the same.

Amendment numbered 186: That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "114"; and the Senate agree to the same.

Amendment numbered 187: That the House recede from its disagreement to the amendment of the Senate numbered 187, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"COVERED EMPLOYMENT NOT COUNTED UNDER OTHER FEDERAL RETIREMENT SYSTEMS

"SEC. 115. Notwithstanding any other provision of law, in determining eligibility for or the amount of any benefit (other than a benefit under title II of the Social Security Act or under the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof, there shall not be taken into account any service which, by reason of the amendments to section 210 (a) of the Social Security Act made by section 101 (c) of this Act, constitutes employment as defined in such section 210 (a)."

And the Senate agree to the same.

Amendment numbered 189: That the House recede from its disagreement to the amendment of the Senate numbered 189, and agree to the same with the following amendments to the House engrossed bill:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 93, line 5, strike out "481 (a)" and insert "1402 (a)."

On page 93, line 6, after "Internal Revenue Code", insert "of 1954."

On page 93, line 7, strike out "There" and insert "there."

On page 93, line 13, strike out "481" and insert "1402."

On page 93, line 14, after "Code", insert "of 1954."

On page 93, line 16, strike out "and (7)," and insert "(7), and (8),".

On page 93, line 17, strike out "and (6)," and insert "(6), and (7),".

Page 94, line 2, strike out "1426 (h)," and insert "3121 (g),".

Page 94, line 6, strike out "per centum" and insert "percent."

And the Senate agree to the same.

Amendment numbered 200: That the House recede from its disagreement to the amendment of the Senate numbered 200, and agree to the same with the following amendments:

On page 31, line 10, of the Senate engrossed amendments, strike out "sentence" and insert the following: "sentences".

On page 32, in lines 13 and 14, of the Senate engrossed amendments, strike out "service, described in subsection (c) (4) or (5)," and insert the following: "service described in subsection (c) (4), or service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner,".

On page 32 of the Senate engrossed amendments, beginning with "(computed" in line 20, strike out all through line 2 on page 33 and insert the following: "(computed, in the case of an individual referred to in paragraph (1) (A), without regard to subsection (c) (4), and, in the case of an individual referred to in paragraph (1) (B), without regard to subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner) of $400 or more, any part of which was derived from the performance of service described in subsection (c) (4), or from the performance of service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be."

On page 33, line 14, of the Senate engrossed amendments, strike out "(8)" and insert the following: "(7) as renumbered by subsection (a) (2) of this section)."

On page 33, line 15, of the Senate engrossed amendments, strike out "paragraph (8)" and insert the following: "such paragraph (7)."

On page 33, line 17, of the Senate engrossed amendments, strike out "(9)" and insert the following: "(8)."

On page 34 of the Senate engrossed amendments strike out lines 6, 7, and 8 and insert in lieu thereof the following:

"(5) Section 1402 (c) (5) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(5) the performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership.'"

And the Senate agree to the same.

Amendment numbered 238: That the House recede from its disagreement to the amendment of the Senate numbered 238, and agree to the same with the following amendment: On page 99, lines 3 and 4, of the House engrossed bill strike out "1420 (e) of the Internal Revenue Code" and insert "3122 of the Internal Revenue Code of 1954"; and the Senate agree to the same.

Amendment numbered 256: That the House recede from its disagreement to the amendment of the Senate numbered 256, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$100"; and the Senate agree to the same.

Amendment numbered 265: That the House recede from its disagreement to the amendment of the Senate numbered 265, and agree to the same with the following amendments to the House engrossed bill:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 102, line 4, strike out "1426 (b) of the Internal Revenue Code" and insert "3121 (b) of the Internal Revenue Code of 1954."

On page 102, line 6, strike out "Serv-" and insert "serv-."

On page 102, strike out lines 10 and 11.

On page 102, line 12, strike out "(C)" and insert "(B)."

On page 103, line 3, strike out "Service" and insert "service."

On page 103, in lines 23 and 24, strike out "(other than the retirement system of the Tennessee Valley Authority)."

On pages 104 and 105, strike out subsection (e).

And the Senate agree to the same.

Amendment numbered 266: That the House recede from its disagreement to the amendment of the Senate numbered 266, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(e)"; and the Senate agree to the same.

Amendment numbered 269: That the House recede from its disagreement to the amendment of the Senate numbered 269, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(f)"; and the Senate agree to the same.

Amendment numbered 270: That the House recede from its disagreement to the amendment of the Senate numbered 270, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(c), (d), and (e)"; and the Senate agree to the same.

Amendment numbered 271: That the House recede from its disagreement to the amendment of the Senate numbered 271, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"AMENDMENT RELATING TO COLLECTION OF EMPLOYEE TAX

"SEC. 205A. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: 'An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C) or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50; and an employer who in any calendar year pays to an employee cash remuneration to which paragraph (8) (B) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar year is less than $100'."

And the Senate agree to the same.

Amendment numbered 274: That the House recede from its disagreement to the amendment of the Senate numbered 274, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and insert in lieu thereof the following:

"FILING OF SUPPLEMENTAL LISTS OF EMPLOYEES BY CERTAIN NONPROFIT ORGANIZATIONS

"SEC. 207. (a) Paragraph (1) of section 3121 (k) of the Internal Revenue Code of 1954 is amended by striking out the third sentence thereof and inserting in lieu thereof the following: 'Such list may be amended at any time prior to the expiration of the twenty-fourth month following the first calendar quarter for which the certificate is in effect, by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate.'

"(b) Paragraph (1) of such section 3121 (k) is further amended by striking out the period at the end of the fifth sentence thereof and inserting in lieu thereof the following: ', except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.'"

And the Senate agree to the same.

Amendment numbered 333: That the House recede from its disagreement to the amendment of the Senate numbered 333, and agree to the same with an amendment as follows: On page 47, line 2, of the Senate engrossed amendments, strike out "209" and insert "210"; and the Senate agree to the same.

Amendment numbered 341: That the House recede from its disagreement to the amendment of the Senate numbered 341, and agree to the same with the following amendments:

On page 50, line 21, of the Senate engrossed amendments, after "paid" insert the following: "prior to the enactment of this Act."

On page 51, line 3, of the Senate engrossed amendments, after "filed" insert the following: "on or before January 1, 1957, and."

And the Senate agree to the same.

Amendment numbered 342: That the House recede from its disagreement to the amendment of the Senate numbered 342, and agree to the same with an amendment as follows: On page 51, line 16, of the Senate engrossed amendments, after "Secretary" insert the following: "of Health, Education, and Welfare"; and the Senate agree to the same.

DANIEL A. REED,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,
JERE COOPER,
JOHN D. DINGELL,
Managers on the Part of the House.

EUGENE D. MILLIKIN,
EDWARD MARTIN,
JOHN J. WILLIAMS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes (including changes in section references made necessary by the enactment of the Internal Revenue Code of 1954): 5, 9, 10, 13, 15, 25, 28–30, 32, 35, 37–44, 46–60, 61–63, 67, 68, 71–73, 79, 80, 83, 84, 86, 87, 97, 100–110, 112–124, 135, 138, 142, 143, 146, 147, 149, 150, 152, 153, 155–159, 161, 162, 165, 166, 168–186, 188, 190–199, 201–237, 239–253, 257–259, 261–264, 266–270, 272, 273, 275–297, 298–318, 320, 321, 323–328, 330–333, 335–337, 339, and 340. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

Amendments Nos. 1, 2, and 3: The House bill amended section 209 (h) of the Social Security Act so as to exclude from wages, for purposes of old-age and survivors insurance, cash remuneration paid by an employer to an employee in any calendar year for agricultural labor unless such remuneration is $200 or more. This provision would replace the provision in present law (eliminated by section 101 (a) (4) of the bill, which excludes agricultural labor performed in a calendar quarter from covered employment unless the cash remuneration paid for such labor is $50 or more and the individual performing such labor is "regularly employed" for that purpose. Under the Senate amendments, coverage for agricultural labor would depend upon the payment to the employee of $50 or more in a calendar quarter rather than $200 or more in a calendar year. The Senate recedes from amendments Nos. 1 and 2, and the House recedes from its disagreement to amendment No. 3 with an amendment reducing the amount of such cash remuneration from $200 to $100, with the result that, under the conference agreement, coverage for agricultural labor depends upon the payment to the employee by any one employer, of $100 or more in a calendar year.

Amendment No. 4: The House bill removed the exclusion from "employment" of services performed in connection with the production, harvesting, or processing of crude gum (oleo-resin), thereby covering such services under old-age and survivors insurance on the same basis as other agricultural labor. The Senate amendment restored the pro-

vision excluding such services from the coverage. The House recedes.

Amendment No. 6: The House bill continued in effect the provisions of the present law excluding from "employment" services performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949. The Senate amendment provided in addition for the exclusion from "employment" of services performed by foreign agricultural workers lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor. The House recedes.

Amendment No. 7: Section 101 (c) of the House bill extended coverage to most service (now excluded) performed by employees of Federal instrumentalities who are not already covered by a federally established retirement system. It also extended coverage to service performed by two groups of employees (employees of Federal home loan banks and individuals subject to the retirement system of the TVA) who are now covered by other retirement systems. Paragraph (3) of section 101 (c) made certain administrative provisions applicable to civilian employees of Coast Guard exchanges and other activities (who constitute one of the groups brought under coverage by the bill). The Senate amendment deleted these provisions, thereby continuing the exclusion of these employees from coverage. The House recedes with an amendment which in effect restores the House language but continues the exclusion from coverage of employees of Federal home loan banks and individuals subject to the retirement system of the TVA.

Amendment No. 8: Section 101 (d) (1) of the House bill provided for the coverage of certain ministers and members of religious orders employed by nonprofit tax-exempt organizations upon the filing by the organization concerned of a certificate (concurred in by two-thirds of the clergymen employees) waiving its exemption from the taxes imposed by the Federal Insurance Contributions Act. Clergymen who concur in the filing of such certificate, and those employed by the organization thereafter, would be covered on a compulsory basis. Section 101 (d) (2) of the House bill provided for the coverage, on a compulsory basis, of self-employed ministers and members of religious orders (as well as other ministers and members of religious orders to the extent that their income is derived from self-employment). Section 101 (d) (3) of the House bill made it clear that nothing in the bill should be construed to mean that any minister is an employee of an organization for any purposes other than those specified.

The Senate amendment struck out these provisions of the House bill, and substituted a new provision which would permit both employed and self-employed ministers and members of religious orders (other than those who have taken a vow of poverty) to elect voluntarily and on an individual basis, as provided in section 1402 (e) of the Internal Revenue Code of 1954 (added by amendment No. 200), to be covered under old-age and survivors insurance as self-employed individuals. The substituted provision would also permit Christian Science practitioners (who under the House bill are covered on a compulsory basis as professional self-employed) to elect coverage on the same individual basis. In addition, the Senate amendment contained a new provision providing that ministers and members of religious orders (and United States citizens performing ministerial services in the employ of American employers) shall compute their net earnings from self-employment derived from such services without regard to certain provisions of the Internal Revenue Code of 1954 relating to income from sources outside the United States. The House recedes with a clerical amendment.

Amendment No. 11: Section 101 (g) (1) of the House bill extended coverage to self-employed farm operators having annual net earnings of $400 or more from self-employment. It also provided for self-employed farm operators an optional method of reporting income for old-age and survivors insurance purposes; under this provision, the farm operator could presume his net earnings from farming to be 50 per centum of his gross income from farming if such gross income is less than $1,800, and could presume his net earnings from farming to be $900 if such gross income is more than $1,800 and such net earnings (otherwise computed) would be less than $900. Section 101 (g) (2) of the House bill provided that, in determining net earnings from self-employment, rentals paid in the form of crop shares should not be included.

Section 101 (g) (4) of the House bill extended coverage to all professional self-employed individuals, except physicians, on the same basis as nonprofessional self-employed individuals are now covered. Among those to whom coverage would be extended by this provision are lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, optometrists, Christian Science practitioners, architects, accountants (of several specified types), funeral directors, and professional engineers.

The Senate amendment strikes out these provisions, thereby continuing in effect the present exclusion from coverage of self-employed farm operators and self-employed professional individuals.

The House recedes with an amendment which (1) restores the House provisions relating to the coverage of self-employed farm operators, and (2) continues the present exclusion from coverage of most professional self-employed individuals but extends coverage to architects, accountants, funeral directors, and engineers (along with Christian Science practitioners on the basis provided by amendments Nos. 8 and 200).

Amendment No. 12: This amendment, which relates to the exclusion of coal royalties in computing net earnings from self-employment, merely restores a provision, contained in section 101 (g) (3) of the House bill, which was stricken out by amendment No. 11 along with the provisions relating to coverage of self-employed farm operators and self-employed professional individuals. In view of the action taken by the conferees on that amendment, the Senate recedes.

Amendments Nos. 14, 16, 17, 18, and 19: Section 101 (h) (1) of the House bill, relating to the prohibition against coverage of employees in positions under a State or local retirement system, made such prohibition inapplicable to employees who (while holding such positions) are ineligible to be members of such system. The same provision of the House bill provided that individuals in positions under such a system (other than those ineligible for membership and policemen and firemen), either on the date of the enactment of the bill or on the date the State agreement is made applicable to their coverage group, can be covered for old-age and survivors insurance purposes only upon a referendum. The Senate amendments, which are technical in nature, divided this provision into two subparagraphs in order to permit the application of separate effective dates to the two parts. The House recedes.

Amendments Nos. 20, 21, 22, 23, and 24: The House bill provided that 90 days' notice be given all eligible employees of any referendum held on the question of whether service subject to a State or local retirement system should be covered under a State agreement for old-age and survivors insurance purposes. It also provided, as a condition of such coverage, that a majority of the eligible employees must vote in the referendum and that two-thirds of those voting must vote in favor of coverage. The Senate amendments would require that not less than 90 days' notice be given, and that a majority of the eligible employees vote in favor of coverage. The House recedes.

Amendments Nos. 26 and 27: The House bill provided that, if a State or local retirement system covers positions of State employees and employees of one or more political subdivisions, or covers employees of two or more political subdivisions, each such subdivision (and the State, if its employees are also covered) may be deemed to have a separate retirement system for purposes of section 218 of the Social Security Act. The Senate amendments provided that any one or more of the subdivisions concerned (or any one or more of such subdivisions and the State, if State employees are covered) may be deemed to have a separate retirement system; the subdivisions could thus be grouped together, if desired, according to size, location, number, or type of personnel involved. The Senate amendments also provided that, where a retirement system covers positions of employees of more than one institution of higher learning (including a junior college or teachers' college), the employees of each such institution shall (if the State so desires) be deemed to have a separate retirement system for purposes of section 218. The House recedes.

Amendment No. 31: This amendment added to the House bill a new provision, effective January 1, 1955, permitting a State to deem certain inspectors of agricultural products to be State employees who would constitute a separate coverage group for purposes of section 218 of the Social Security Act. The House recedes.

Amendment No. 33: This amendment added to the House bill a new provision permitting the modification of the agreement entered into with the State of Utah pursuant to section 218 of the Social Security Act so that the agreement will apply to services performed by employees of certain designated schools and State agencies (with the employees of each such school and agency constituting a separate coverage group). The State may include any one or more of these groups under the agreement; and any group so included by a modification agreed to before 1955 may be covered retroactively with respect to services performed after any date specified in the modification, but not earlier than December 31, 1950. The House recedes with a clerical amendment.

Amendment No. 34: This amendment added to the House bill a new provision providing that if the agreement entered into with the State of Arizona pursuant to section 218 of the Social Security Act is modified prior to January 1, 1956, so as to make such agreement applicable to service performed by employees in positions covered by the Arizona teachers' retirement system (all of whom shall be deemed to constitute a separate coverage group), such modification may be made effective with respect to service performed in such positions after any effective date specified therein, but not earlier than December 31, 1950. The House recedes with a clerical amendment.

Amendment No. 36: Section 101 (j) of the House bill established a presumption that work deductions have been made from the benefits of certain State and local employees whose services prior to 1955 were covered retroactively by a State under an agreement entered into under section 218 of the Social Security Act. This presumption would enable employees who were entitled to old-age and survivors insurance benefits (and not subject to deduction under section 203 (b) of the Social Security Act) at the time the

services were performed to qualify for recomputation of their primary insurance amounts, and would arise solely for the purpose of determining entitlement to such a recomputation. (Under existing law such a recomputation is authorized only where the primary beneficiary has had deductions from benefits on account of services performed during 12 months out of a period of 36 months. This amendment makes clarifying changes with respect to the method of recomputation and provides additional dates as of which an individual may be presumed to become entitled to old-age insurance benefits, but it makes only minor changes in the substance of the House bill. The House recedes.

Amendment No. 45: This amendment would remove funeral directors from the list of the professions excluded from coverage by section 211 (c) (5) of the Social Security Act, thereby covering them under old-age and survivors insurance on a compulsory basis. In view of the action taken by the conferees on amendment No. 11 (relating to professional self-employed), the Senate recedes.

Amendments Nos. 64, 65, and 66: The House bill provided that the determination of an individual's starting and closing dates for purposes of computing his average monthly wage should, where more than one date was possible, be made on the basis of the dates yielding the higher average monthly wage. The Senate amendments would base this determination instead on the dates yielding the higher primary insurance amount, in order to avoid the necessity of using the date which produces the higher average monthly wage even though use of an alternative date would produce a higher primary insurance amount and therefore a higher benefit. The House recedes.

Amendments Nos. 69 and 70: Section 102 (e) (2) of the House bill provided that an individual, in computing his average monthly wage, could drop out the 5 years of lowest earnings (instead of the 4 such years) only if he had at least 20 quarters of coverage prior to his closing date. The Senate amendment eliminated the requirement that the 20 quarters occur prior to the closing date, thereby permitting the 5-year drop-out in the case of any individual having at least 20 quarters of coverage regardless of when the quarters occurred. The House recedes.

Amendment No. 74: The House bill provided that an individual could secure a "work recomputation" of his primary insurance amount (to take account of earnings after the last previous computation thereof) only if he has earnings of not less than $1,000 in a calendar year afer 1953 and after the last previous computation of such amount. This amendment, in order to conform with the increase made by amendments Nos. 130–134, in the exempt amount for retirement test purposes, would require earnings of more than $1,200 (rather than earnings of "not less than $1,000") in any such calendar year as a condition of the recomputation. The House recedes.

Amendment No. 75: This amendment added to the House bill a provision making it clear that an individual can qualify for only one "work recomputation" on the basis of earnings in any one calendar year. The House recedes.

Amendment No. 76: Under the House bill, an individual who qualified for a work recomputation before 1955, and who also had enough earnings during 1954 to qualify him for a work recomputation under the new provisions added by the bill, would have to choose one or the other since the recomputation under existing law would preclude a recomputation under the new provisions on the basis of his 1954 earnings. The Senate amendment eliminates the necessity for this choice, thereby making it possible for the individual to obtain the recomputation under existing law and also (if it would increase the benefit) under the new provisions. The House recedes.

Amendments Nos. 77, 78, 81, and 82: Under the House bill, in the first work recomputation to which an individual becomes entitled after enactment all applicable starting and closing dates and benefit formulas would be used, even though the 4 or 5 years of lowest earnings were dropped out in a previous computation of such individual's primary insurance amount. The Senate amendments, to avoid a complete reopening of the benefit recomputation provisions and the necessity of redetermining data already available, would provide that where the drop-out provisions have previously been applied in computing an individual's primary insurance amount, any recomputation shall be made only through use of the new benefit formula in section 215 (a) (1) (A) of the Social Security Act, as amended by the bill. The House recedes.

Amendment No. 85: The House bill permitted the inclusion, in the computation or recomputation of an individual's primary insurance amount, of earnings for the year in which the individual became entitled to old-age insurance benefits or filed his application for recomputation, but only upon application filed after the close of that year. If he should die in the year in which he became entitled to old-age insurance benefits or filed his application for a recomputation, however, the survivors could not obtain a recomputation of his primary insurance amount since they would be entitled to such a recomputation only if the individual himself could have obtained the recomputation upon filing an application therefor in the month of his death. The Senate amendment would make it clear that the survivors could obtain the recomputation. The House recedes.

Amendments Nos. 88, 89, 90, 91, 92, 93, 94, 95, 96, and 98: Section 102 (e) (5) of the House bill contained provisions preserving the rights of individuals to qualify for certain recomputations under existing law prior to 1955. These amendments make it clear that, if an individual dies without filing his application for such a recomputation, any of his survivors entitled to monthly benefits or a lump-sum death payment on the basis of his earnings could file an application and secure the recomputation to which he would have been entitled. The House recedes.

Amendment No. 99: The House bill provided that the closing date for an individual who dies or who becomes entitled to old-age insurance benefits in 1956 would be July 1, 1956 (instead of January 1, 1956), if use of the later date would result in a higher primary insurance amount and the individual had not less than six quarters of coverage after 1954; and the later closing date would be permitted in all such cases regardless of which starting date or benefit formula was used. The Senate amendment, to take care of individuals newly covered in 1955, provided that the later closing date would be used only with a starting date of December 31, 1954, and only in computing the primary insurance amount under the new formula contained in section 215 (a) (1) (A) of the Social Security Act, as amended by the bill. The House recedes.

Amendment No. 111: The House bill provided that the recomputation of an individual's primary insurance amount shall be effective (where he has not died) for and after the month in which he filed the application for such recomputation. The Senate amendment, to provide old-age insurance beneficiaries on the rolls in September 1954 with an adequate opportunity to file applications, would provide that the recomputation can be effective for up to 12 months retroactively. The House recedes.

Amendment No. 125: The House bill provided that the amount of a lump-sum death payment under section 202 (i) of the Social Security Act may not exceed $255, which is the maximum (three times the maximum primary insurance amount) permitted under existing law. The Senate amendment would eliminate this limitation, so that the lump-sum death payment based on an individual's earnings would continue to be equal to three times the amount of such individual's primary insurance amount. The Senate recedes.

Amendments Nos. 126, 127, 128, 129, 136, 145, 148, and 154: The House bill retained as a part of the retirement test the provisions of present law (section 203 of the Social Security Act) which provide that deductions from benefits on account of earnings shall be made only for months in which the beneficiary concerned (or, in the case of dependents' benefits, the old-age insurance beneficiary) is under the age of 75. The Senate amendment lowered from 75 to 72 the age above which such deductions will not be imposed under the amended provisions of section 203 (or under those of the present provisions of section 203 which, to take care of individuals whose taxable years do not coincide with the calendar year, will remain in effect for months after 1954). The House recedes.

Amendments Nos. 130, 131, 132, 133, 134, and 144: The House bill, in placing the retirement test entirely on an annual basis, provided that no deductions from benefits would be made on account of earnings if such earnings do not exceed $1,000 for a taxable year of 12 months (or a proportionate amount for a shorter taxable year). The Senate amendment increased the amount of earnings permitted without deduction from benefits to $1,200 for a taxable year of 12 months (or $100 times the number of months involved for a shorter taxable year). The House recedes.

Amendments Nos. 137, 139, 140, and 141: The House bill, in combining wages and net earnings from self-employment as "earnings" for retirement test purposes, included earnings derived from noncovered employment within the United States as well as net earnings from self-employment derived from certain noncovered trades and businesses. The Senate amendment provided that only earnings arising from covered employment and self-employment shall be included in "earnings" for retirement test purposes. (It is expected that the possibility of changing the date for filing reports of earnings for retirement test purposes, so as to conform with the new April 15 filing date for income-tax returns, will be considered early in the next session of Congress.) The Senate recedes.

Amendment No. 151: The House bill contained a provision requiring that deductions be made from the benefits of survivors and dependents who are residing abroad, except in certain specified cases. The Senate amendment deleted this provision. The House recedes.

Amendment No. 160: Section 107 of the House bill provided that any wages and self-employment income earned by an individual while he is unlawfully in the United States may not be counted in computing his benefits, if the Attorney General has notified the Secretary of such unlawful residence. Section 108 of the House bill provided that no benefits shall be paid under section 202 of the Social Security Act on the basis of the wages and self-employment income of any individual after such individual has been deported under any one of 14 specified paragraphs of section 241 (a) of the Immigration and Nationality Act, if the Attorney General has notified the Secretary of such deportation. The Senate amendment deleted these provisions of the House bill.

The House recedes with an amendment providing that (1) no such benefits shall be paid to any individual on the basis of

his wages and self-employment income for any month after the Attorney General notifies the Secretary that such individual has been deported under one of the specified paragraphs and before he has been lawfully readmitted to the United States, (2) no benefits shall be paid to any survivor or dependent of an individual so deported and not lawfully readmitted for any month in which such survivor or dependent is outside the United States, except in the case of survivors and dependents who are citizens of the United States, and (3) earnings by such individual after he has been so deported shall not deprive his survivors and dependents (under section 203 of the Social Security Act) of benefits to which they are otherwise entitled.

Amendment No. 163: The House bill provides an alternative basis for determining fully insured status in the case of individuals newly covered on January 1, 1955 (and others living on that date). Under this provision, the individual would be fully insured for old-age and survivors insurance purposes if all of the quarters elapsing after 1954 and before July 1, 1956, or (if later) before the quarter in which he attains retirement age or dies, are quarters of coverage. The Senate amendment makes it clear that there must be at least six of such quarters so elapsing. The House recedes.

Amendment No. 164: Section 109 (b) of the House bill amended section 213 (a) (2) (B) of the Social Security Act so as to provide a method for crediting quarters of coverage on the basis of annual amounts of wages received for agricultural labor. The Senate amendment deleted this provision as being unnecessary when it placed the coverage test for agricultural labor on a quarterly rather than an annual basis. The House recedes with an amendment which in effect restores the House language with an appropriate modification to conform with the action taken by the conferees on amendments Nos. 1–3 (relating to coverage for agricultural labor).

Amendment No. 167: The House bill provided that any individual who died prior to September 1, 1950, having at least six quarters of coverage but not being fully insured under the law in effect at that time, shall be deemed to have died a fully insured individual (except for purposes of determining entitlement of a former wife divorced). Such individual's primary insurance amount would be computed under the provisions of section 215 (d) (4) of the present Social Security Act, except that his closing date would be the first day of the quarter in which he died. The Senate amendment provided that if the individual was currently insured when he died, and some other person was entitled to a benefit on the basis of his wages, his primary insurance benefit would be computed under the act as in effect prior to September 1950; in all other cases the computation would be as provided in the House bill. The House recedes.

Amendment No. 187: This amendment adds to the bill a new section providing that service which is performed after 1954 in the employ of the Federal Government, and which constitutes "employment" under section 210 (a) of the Social Security Act, shall not be credited toward benefits under any Federally-established retirement system other than the old-age and survivors insurance system and the railroad retirement system. The House recedes with an amendment limiting the application of the section to Federal service newly covered by the bill.

Amendment No. 189: This amendment would delete section 201 (a) of the House bill, which made the necessary changes in the provisions of the Internal Revenue Code relating to the exclusion of farm income from "net earnings from self-employment" for purposes of the Self-Employment Contributions Act to correspond with the changes made in section 211 (a) of the Social Security Act (relating to coverage of self-employed farm operators for old-age and survivors insurance purposes). To conform with the action taken by the conferees with respect to the coverage of these farm operators, the Senate recedes.

Amendment No. 200: This amendment would delete section 201 (c) of the House bill, which made the necessary changes in the provisions of the Internal Revenue Code relating to the exclusion of professional services from the definition of "trade or business" for purposes of the Self-Employment Contributions Act to correspond with the changes made by the House bill in section 211 (c) of the Social Security Act (relating to the exclusion from coverage of professional self-employed individuals for old-age and survivors insurance purposes.

In addition, this amendment would add new provisions to section 1402 of the Internal Revenue Code of 1954 to replace the provisions stricken out by amendments Nos. 8 and 274, and to conform with the new provisions added by amendment No. 8 (as well as those added by amendment No. 45, relating to coverage of funeral directors). Section 1402 (e), as added by this amendment, would permit any employed or self-employed minister or member of a religious order (other than one who has taken a vow of poverty), and any Christian Science practitioner, to file a certificate certifying that he elects to be covered by the old-age and survivors insurance system established by title II of the Social Security Act. Any such individual would be covered as a self-employed individual (and subject to the self-employment tax) for the taxable year with respect to which the certificate is filed and all succeeding taxable years, but he would be required to file such certificate on or before the due date of the return for his second taxable year ending after 1954 for which he has net earnings from self-employment (some part of which was derived from service as such minister, member, or practitioner) of $400 or more.

The House recedes with amendments (1) conforming with the action taken by the conferees on amendment No. 11 (relating to the coverage of self-employed professional individuals), and (2) making certain clerical, clarifying, and conforming changes.

Amendment No. 238: This amendment would delete section 203 of the House bill, which made the necessary changes in the Internal Revenue Code to correspond with the changes made by the House bill in section 205 (p) (3) of the Social Security Act (relating to the application of certain special rules to civilian employees of Coast Guard exchanges). To conform with the action taken by the conferees with respect to the coverage of Federal employees, the Senate recedes.

Amendments Nos. 254, 255, and 256: These amendments make changes in the provisions of the Internal Revenue Code relating to the exclusion of cash remuneration paid for agricultural labor from "wages" for purposes of the Federal Insurance Contributions Act which correspond with the changes made by the Senate amendments in section 209 (h) of the Social Security Act (relating to coverage of agricultural labor for old-age and survivors insurance purposes). The Senate recedes from amendments Nos. 254 and 255, and the House recedes from its disagreement to amendment No. 256 with an amendment to conform with the action taken by the conferees on amendments Nos. 1–3 (relating to coverage of agricultural labor).

Amendment No. 260: This amendment makes changes in the provisions of the Internal Revenue Code relating to the exclusion of certain forms of agricultural labor from "employment" for purposes of the Federal Insurance Contributions Act which correspond with the changes made by Senate amendments Nos. 4 and 6 in section 210 (a) (1) of the Social Security Act (relating to the exclusion from coverage for old-age and survivors insurance purposes of services performed as crude gum workers and as West Indian agricultural workers lawfully admitted to the United States on a temporary basis). To conform with the action taken by the conferees with respect to the coverage of such services, the House recedes.

Amendment No. 265: This amendment would delete section 205 (d) of the House bill, which made the necessary changes in the provisions of the Internal Revenue Code relating to the exclusion of Federal service from "employment" for purposes of the Federal Insurance Contributions Act to correspond with the changes made by the House bill in section 210 (a) of the Social Security Act (relating to the exclusion of Federal service from "employment" for old-age and survivors insurance purposes).

This amendment would also delete section 205 (e) of the House bill, which made the necessary changes in the provisions of the Internal Revenue Code relating to the exclusion from "employment" of services performed in the employ of nonprofit tax-exempt organizations for purposes of the Federal Insurance Contributions Act to correspond with the changes made by the House bill in section 210 (a) of the Social Security Act (relating to the exclusion from coverage for old-age and survivors insurance purposes of services performed in the employ of such organizations).

The House recedes with an amendment to conform with the action taken by the conferees on amendment No. 7 (which in effect restored the House language relating to coverage of Federal employees but continued the exclusion from coverage of Federal home loan bank employees and TVA employees) and amendment No. 8 (which provided for the coverage of ministers on an individual voluntary basis).

Amendment No. 271: The Senate amendment added to the House bill a new section making it clear that an employer may deduct, from the remuneration paid by him to an employee for domestic service, for service not in the course of his trade or business, for agricultural labor, or for industrial homework, an amount equivalent to the employee tax imposed by section 3101 of the Internal Revenue Code of 1954, even though at the time of payment he cannot be certain that the test for liability to the tax will be met. The House recedes with an amendment designed to conform with the action taken by the conferees in placing the coverage and taxability tests for agricultural labor on an annual basis.

Amendment No. 274: This amendment deletes the provisions of the House bill which established procedures for the filing of certificates by nonprofit organizations, waiving their tax exemption with respect to ministers and members of religious orders in their employ, in order to enable such ministers and members of religious orders to obtain coverage under the old-age and survivors insurance system. To conform with the action taken by the conferees on amendments Nos. 8 and 200, the House recedes, with an amendment providing that the list accompanying any certificate filed by a nonprofit organization with respect to its lay employees may be amended (by filing a supplemental list, as provided in existing law) only within a period of 2 years after the certificate takes effect.

Amendment No. 319: The House bill provided that whenever a domestic corporation enters into an agreement to have the employees of one or more of its foreign subsidiaries covered under old-age and survivors insurance, and such agreement is

terminated in its entirety, the domestic corporation may not again enter into such an agreement. Under the Senate amendment, the prohibition against entering into a later agreement would exist only if the former agreement was terminated by a notice of termination filed by the domestic corporation or by the Secretary or his delegate. The House recedes.

Amendment No. 322: The House bill provided that all amounts received by the Secretary from a domestic corporation pursuant to an agreement for the coverage of the employees of a foreign subsidiary of such corporation should be regarded for purposes of section 201 of the Social Security Act (relating to the Federal Old-Age and Survivors Insurance Trust Fund) as taxes collected under the Federal Insurance Contributions Act. The Senate amendment provided that, for purposes of section 201, remuneration (paid for services covered by the agreement) which would constitute wages if the services constituted employment, and which is reported to the Secretary or his delegate pursuant to the agreement or appropriate regulations, shall be considered wages subject to employment taxes. The House recedes.

Amendment No. 329: This amendment added to the House bill a new provision requiring that each domestic corporation which enters into an agreement for the coverage of the employees of one or more foreign subsidiaries shall be considered an employer in its capacity as a party to such agreement, separate and distinct from its identity as an employer of individuals on its own account. The House recedes.

Amendment No. 334: Section 301 of the House bill extended for 1 additional year (to September 30, 1955) the provision of the 1952 amendments to the Social Security Act which increased the proportion of State public assistance expenditures to be borne from Federal funds. The Senate amendment extended that provision for 2 additional years (to September 30, 1956). The House recedes.

Amendment No. 338: This amendment lowers from 75 to 72 the age above which deductions from railroad retirement survivor benefits on account of outside earnings will not be imposed under the Railroad Retirement Act of 1937. In order to conform with the action taken by the conferees in dealing with the corresponding age requirement for the retirement test in section 203 of the Social Security Act, the House recedes.

Amendment No. 341: This amendment would add to the House bill a new section 403, relating to service performed in the employ of certain tax-exempt organizations after 1950 and prior to 1955. Under this amendment, if an individual was employed during such period by a tax-exempt organization which failed to file a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939, and his service would have constituted employment if the organization had filed such certificate, the individual will be deemed to have received remuneration for employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) to the extent that employment taxes (not refunded) have been paid with respect thereto. Taxes paid prior to the enactment of the bill must have been paid in good faith and upon the assumption that the certificate was filed. Similarly, if the organization filed the certificate but the individual's signature did not appear on the list of concurring employees, his remuneration may be deemed to constitute remuneration for employment to the extent that employment taxes (not refunded) were paid with respect thereto. The House recedes with an amendment making it clear that in either case a part of the employment taxes must have been paid before the enactment of the bill, and providing that the individual concerned (where the certificate was filed but his signature did not appear on the list) must file his request to have such remuneration treated as remuneration for employment within 2 years after the enactment of the bill.

Amendment No. 342: This amendment added to the House bill a new section 404, which would direct the Secretary to conduct a full and complete study of the feasibility of providing increased minimum benefits ($55, $60, or $75 a month) under title II of the Social Security Act. The study would include estimates of the increased costs involved, the impact on the Trust Fund, and the reductions in public assistance grants which might result from such increased benefits. The House recedes with an amendment to make it clear that the "Secretary" is the Secretary of Health, Education, and Welfare.

DANIEL A. REED,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,
JERE COOPER,
JOHN D. DINGELL,
Managers on the Part of the House.

Mr. REED of New York. Mr. Speaker, I call up the conference report on the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see record set out above.)

Mr. REED of New York. Mr. Speaker, the conference report on H. R. 9366, now before us represents a magnificent victory for this House.

The other body struck out of the bill our provisions extending social-security protection to farm operators and self-employed professionals. I am gratified to report that, under the conference agreement, the American farmer and his family will be entitled to the social-security coverage provided in the House bill. This means that about 3.6 million farmers, their wives, and their children, will now have this essential basic retirement and survivors protection. I estimate that these individuals ultimately will become entitled to about $40 billion in benefits.

We also succeeded in extending social-security protection to about 100,000 professionals—namely, accountants, engineers, architects, and undertakers.

The House bill would have added about 1.3 million farm workers to the system. The Senate bill added about 2.3 million. Under the conference agreement, about 2 million of these workers and their families will now become entitled to this protection for the first time.

In all, the bill as agreed to in conference will add more than 10 million persons to the social-security system. Thus, substantially all of the employed and self-employed people of this country will now be entitled to this protection. In practical effect, we have finally achieved the goal of universal coverage.

Insofar as benefits are concerned, both bills were in complete agreement and no changes have been made. Thus, those now receiving benefits will start drawing their increased payments about October 1.

The conferees accepted the liberalized retirement test contained in the Senate bill. Once an individual reaches age 72, he will be able to draw full benefits irrespective of any outside earnings. Under present law, he is unable to do this until he reaches 75. We also agreed that an individual could earn up to $1,200 a year—instead of $1,000 as in the House bill—without loss of benefits. Finally, the conferees agreed to the House provision which requires that all earnings, and not just covered earnings, be counted in determining whether an individual has in fact retired.

I think that this bill represents a splendid victory for the American farmer and his family. The bill as a whole is one of the truly magnificent achievements of this Congress and of this administration.

Mr. Speaker, I would like to enumerate briefly the action of the conferees with respect to the substantive differences between the House passed version and the Senate passed version. In this discussion I will use as a reference the numbers of the respective Senate amendments.

Amendments 1, 2 and 3 amend section 101 (a) of the bill. The House bill covered farm workers who are paid at least $200 in cash wages by any one employer in a calendar year. The Senate bill covered farm workers who are paid at least $50 in cash wages by any one employer in a calendar quarter. The Senate receded and concurred in the House version with an amendment providing that coverage would be extended to farm workers who are paid at least $100 in cash wages by any one employer in a calendar year. It is estimated that this change in present law will result in extending coverage to an additional 2.1 million agricultural workers.

Amendment No. 4 also amends section 101 (a) of the House bill. The House bill would have covered individuals performing services in connection with production or harvesting of gum naval stores. The Senate bill would continue the present exclusion of this group of individuals. The House receded and concurred in the Senate amendment.

Amendment No. 6: This amendment also pertains to Section 101 (a). The Senate bill excluded from coverage temporary agricultural workers who have been lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies. There was no comparable provision in the House bill. However, this exclusion of temporary agricultural workers from the British West Indies will be somewhat similar to the present exclusion of agricultural workers from Mexico.

Amendment No. 7. This amendment amends section 101 (b) of the bill and relates to extension of coverage to certain Federal employees. The House bill covered most Federal employees not

previously covered by old-age and survivors insurance and not covered by Federal staff retirement systems including temporary employees in the field services of the Post Office Department, census taking employees of the Bureau of the Census, civilian employees of the Coast Guard Post Exchanges, employees paid on a contract or fee basis, employees whose compensation is nominal, employees of the district Federal home loan banks and of the Tennessee Valley Authority who already have existing retirement systems, and so forth. The conferees accepted the extended coverage as provided in the House bill with he exception that the district Federal home loan bank employees and the Tennessee Valley Authority employees will not be brought in under the OASI system. The conferees in taking this action instructed the committee staffs and the staff of the Department of Health, Education, and Welfare to make a study of dual coverage under the OASI program and Federal retirement systems.

Closely related to the extension of coverage to certain Federal employees is amendment No. 187 which adds section 114 to the bill. As adopted by the Senate, this amendment would have provided that Federal service credited under the old-age and survivors insurance program for benefit purposes could not be used to establish retirement credit under any other Federal retirement system. The conferees modified this provision to provide that its limiting effect would be applicable to only those groups newly brought into the old-age and survivors insurance program by H. R. 9366.

The action of the conferees with respect to extending coverage to Federal civilian employees will extend coverage to approximately 150,000 persons not presently participating in the system.

Amendment No. 8: This amendment applies to section 101 (d) of the bill and relates to the extension of coverage to ministers. The House bill would cover ministers and members of religious orders employed by nonprofit organizations other than employees of religious orders who have taken a vow of poverty, on the same voluntary group basis as lay employees of such organizations are covered under present law. Self-employed ministers under the House bill would be covered compulsorily. Under the House bill, Christian Science practitioners are treated as professional self-employed and are covered on a compulsory basis. The Senate bill would permit ministers, Christian Science practitioners, and members of religious orders who have not taken a vow of poverty, whether employees or self-employed, to secure coverage as self-employed persons but on an individual voluntary basis.

Ministers, Christian Science practitioners, and members of religious orders who are citizens of the United States employed outside the United States by an American employer would be covered on the same voluntary basis. They would not be covered if employed by a foreign employer outside the United States. Self-employed ministers outside the United States would be treated like other self-employed citizens of the United States who are in a foreign country. Related to this amendment, amendment No. 200 provides the procedure to be followed for voluntary coverage under which the individual must elect coverage within 2 years. A certificate must be filed by the individual on or before the due date of his tax return for the second taxable year ending after 1954 for which he has net earnings of $400 or more. In determining the period during which a certificate may be filed there shall not be included any taxable year for which the individual has no income from the performance of service as a minister or Christian Science practitioner. Likewise, in determining such period there is not counted any year in which his total self-employment income from whatever sources totals less than $400. This provision would extend coverage to about 250,000 individuals.

Amendment No. 11: This amendment applies to section 101 (g) of the bill and relates to the coverage of farm operators and professional self-employed individuals. The House bill would cover self-employed farm operators whose net earnings from farm self-employment totaled $400 or more in a year. The Senate bill deleted the House provision, thus continuing the exclusion of farmers from coverage. The conferees have agreed to extend coverage to farm operators under the terms of the House bill. It is pointed out that this coverage of farmers will be effective January 1, 1955, with the payment of contributions due in April 1956 in virtually all cases. This will extend coverage to approximately 3.6 million farmers.

The House bill would also have extended coverage to all professional self-employed persons except physicians. The Senate bill continued the present law exclusion of these professionals except for Christian Science practitioners and for self-employed funeral directors. In addition to the exclusion of physicians, the conferees agreed to exclude the following categories of professional self-employed persons: lawyers, dentists, and other medical practitioners. They have brought in to the old-age and survivors insurance system self-employed professional architects, accountants, and engineers. This action of the conferees will extend coverage to approximately 100,000 persons not heretofore covered.

Amendments 22 and 24: These amendments apply to section 101 (g) of the bill and relate to the referendum procedure for the coverage of State and local employees. The House bill would require that in order for State and local retirement system members to be covered under OASI (a) a majority of the members eligible to vote in the referendum would so vote and (b) two-thirds or more of those voting voted in favor of coverage. The Senate bill would require that a majority of the employees eligible to vote in the referendum would have to vote in favor of coverage. The House receded and concurred in the Senate amendments.

Amendments 26, 27, 31, 33, 34, and 36: These amendments all relate to the extension of coverage to State and local employees and make minor changes in the provisions of the House-passed bill relating thereto. The House concurred in the Senate amendments.

Amendment 61: This amendment pertains to the effective date for benefit changes. It is technical in nature and is occasioned by the lengthy consideration given to this important legislation by the Congress. As was intended at the time of House action on H. R. 9366, the benefit changes will be effective with respect to the month of September 1954 and will be reflected in the checks received in the early part of October.

Amendment 125 pertains to section 102 (i) relating to maximum lump-sum death payments. The House bill would have limited this maximum to $255. The effect of the Senate amendment was to make the maximum $325.50. The Senate agreed to the House version providing for a maximum lump-sum death payment of $255.

Amendment 126: This amendment applies to section 103 (a) of the bill and relates to the age at which the retirement test no longer applies. The House-passed version of H. R. 9366 retained the present law provision making the retirement test applicable to all persons who have not attained age 75. The Senate bill reduced this age to age 72 for retirement test purposes. The House receded and concurred in the Senate amendments.

Amendments 130, 137, 138, 139, 140, and 141: These amendments also apply to section 103 and relate to the amount of earnings permitted to beneficiaries without loss of benefits. Under the House bill the exempt amount permitted without loss was $1,000 a year. The Senate bill raised this exempt amount to $1,200 per year and the conferees adopted the Senate version. In determing the amount of earned income which a beneficiary has received, the House bill would have counted earnings from covered and non-covered employment. The Senate bill would have counted earnings only from covered employment. The conferees adopted the House-passed version.

Amendment No. 151: The House bill would have provided for the denial of benefits to dependents and survivors of an insured worker under certain circumstances when such person reside outside the United States. The Senate deleted this provision and the House concurred in the Senate amendment, thus continuing present law in this respect.

Amendment No. 160: This amendment relates to the House provisions denying benefit payments and disallowing wage credits in the case of persons during a period of unlawful residence and upon deportation. The Senate had acted to delete these provisions from the bill. Because of administrative problems which existed in regard to the House version, the conferees agreed to retain the House version but to limit its applicability to cases where there was actual reportation and have it affect only the primary insured individual.

Amendment No. 334: This amendment applies to section 301 of the bill and relates to public asistance. The House bill

would have continued the present matching formulas for old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children until September 30, 1955. The Senate bill extended the provision until September 30, 1956, and the conferees adopted the Senate amendment.

Amendment No. 342: This amendment applies to section 404 and relates to increasing minimum old-age insurance benefits. The Senate bill added a provision directing the Secretary of Health, Education, and Welfare to conduct a study with a view to determining the feasibility of increasing the minimum old-age insurance benefit to $55, $60, and $75. The study is to include an analysis of the increased cost offset by the saving to the Federal Government in grants to the States for public assistance. The House conferees agreed to the Senate amendment.

The amendments to which I have not specifically referred in the foregoing numeration are considered to be technical, conforming or clerical in nature and were approved by the conferees.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. JAVITS. May I ask the gentleman, are ministers covered by the conference agreements?

Mr. REED of New York. Yes.

Mr. JAVITS. They are covered on a voluntary basis?

Mr. REED of New York. Yes.

Mr. JAVITS. I wish to congratulate the gentleman and his colleagues on a great job. I wish lawyers and doctors had been included, but I think the gentleman and his colleagues have done a great job for the country.

Mr. REED of New York. I thank the gentleman.

Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Speaker, I am most happy to support this conference report. We have won a tremendous victory for the good of the American people. Now we will have what I have worked for for years: practically universal coverage.

It is unfortunate that the Senate conferees would not agree to include lawyers. It is unfortunate that doctors still will have no protection. But these are comparatively small groups.

Nearly every American worker will now have protection for his old age; protection for his widow and children in case of his premature death.

We must, of course, continue to work to strengthen the old-age and survivors insurance system. Improvements can still be made. Inequities will continue to show up in the future. But this bill is a far-reaching step in the right direction.

Enormous credit is due to the gentleman from New York [Mr. REED], who so valiantly piloted this bill and who fought in conference for the House position as to coverage. The American worker owes him a real debt of gratitude.

(Mr. KEAN asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. DEROUNIAN].

Mr. DEROUNIAN. Mr. Speaker, I should like to take this occasion to express my very keen gratification and also thanks to the conferees of the House on the social-security bill with reference to a provision in which we have concurred. A very serious problem had presented itself with reference to certain charitable institutions—nonprofit organizations—which because of routine administrative omission or inadvertence found themselves barred from extending the benefits of social security to their employees. The North Shore Hospital in my congressional district is such a nonprofit group that was affected. The Senate amendment in which we have concurred gives authority for the retroactive filing of certain certificates required by the Bureau of Internal Revenue. Without this authority we would have had a very unjust situation and the chief sufferers would have been the employees affected.

It is definitely indicated—and I do it with great emphasis—that I express my thanks particularly to the gentleman from New York, our great chairman of the Ways and Means Committee, and to the members of his group and to the members of our conference committee, on both sides, who joined in making correction of this situation possible.

(Mr. DEROUNIAN asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Speaker, I yield 10 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, as is usually the case of a conference on major legislation, there are conference agreements in this conference report with which I was entirely in accord and there are others about which I have questions. However, in order to get a bill enacted into law, it was necessary that certain compromises be made.

I will summarize the major conference agreements and point out the difference between the House and Senate bills.

FARM OPERATORS AND SELF-EMPLOYED PROFESSIONAL GROUPS—FARM OPERATORS

The House bill provided for coverage of self-employed farm operators who have net earnings from their farming operations of $400 or more in a year. The Senate deleted this provision from the House bill, having the effect of excluding farmers from social-security coverage.

The conference agreement would extend coverage to self-employed farm operators as provided for in the House bill. I personally question whether or not the majority of farm operators desire social-security coverage. It has always been my position that self-employed groups who desired coverage should have it extended to them. At the same time, I have felt that those groups who have not indicated pretty clearly that they want coverage should not be covered. The Senate was not convinced that the majority of individual farmers did want coverage, and therefore excluded them from coverage. It is my feeling that the Congress should have waited until individual farmers more clearly indicated a desire for coverage before it should have been extended to them.

As in the case of most of the other newly covered groups in this bill, the coverage would be effective on January 1, 1955. The conferees felt that if farmers do not desire to be covered, and manifest that position to the Congress, it would be possible to conform to their wishes by repealing this extension of coverage to them, since like other self-employed persons, they do not file and pay their social-security tax until after the close of their taxable year, which in the case of most farmers would be by April 15, 1956.

About 3½ million self-employed farm operators would be covered under this provision.

SELF-EMPLOYED PROFESSIONAL GROUPS

The House bill extended compulsory coverage to all self-employed professional groups except physicians. The Senate excluded all these groups except Christian Science practitioners, on a voluntary basis, and funeral directors.

In addition to the coverage of Christian Science practitioners and funeral directors, the conference agreement would extend coverage to architects, engineers, and public accountants. The other professional groups now excluded would continue to be excluded, namely: lawyers, physicans, dentists, osteopaths, veterinarians, chiropractors, naturopaths, and optometrists. Many lawyers in my district have indicated a desire for social-security coverage. I regret that lawyers were not covered.

RETIREMENT TEST

The House bill provided that a beneficiary could earn $1,000 a year in covered or noncovered employment and self-employment without loss of benefits. The Senate raised this amount to $1,200 a year. The Senate bill also reduced from age 75 to age 72 the age above which a beneficiary can earn any amount of money without loss of benefits. The House conferees accepted these two Senate amendments.

The House bill provided that earnings in both covered and noncovered employment and self-employment would be counted in determining whether or not a beneficiary exceeds the work-clause amount. The Senate provided that only earnings in covered employment and self-employment would be counted in making this determination. The Senate accepted the House amendment, which would also take into account earnings from noncovered employment and self-employment.

FEDERAL EMPLOYEES

The House bill extended coverage to most Federal employees not covered by Federal staff retirement systems, including temporary employees in the field service of the Post Office Department, census-taking employees of the Bureau of the Census, civilian employees of Coast Guard post exchanges, employees paid on a contract or fee basis, employees whose compensation is nominal, and so on. In addition, the House bill extended coverage to employees of dis-

trict Federal home loan banks and the Tennessee Valley Authority, who already have retirement systems. The Senate bill deleted the House provisions, and also provided that services performed after 1954 for the Federal Government which were covered by the old-age and survivors insurance program shall not be credited toward benefits—other than OASI or railroad retirement benefits—under any retirement system established by the United States or a Federal instrumentality.

The conference agreement extended coverage to the same persons as the House bill did, except employees of the district Federal home loan banks and the Tennessee Valley Authority who already have retirement systems. I was very disappointed that coverage was not extended to these two groups, since employees of the Federal Reserve banks and certain other agencies who already have retirement systems of their own are now under social security coverage.

The conferees did direct that a study be made of the duplication and overlapping of benefits for the same Federal service. The conference agreement also would prohibit duplicate credits for the same Federal service in the case of the Federal employees who are being covered for the first time.

MINISTERS

The House bill extended coverage to ministers and members of religious orders employed by nonprofit organizations other than employees of religious orders who have taken a vow of poverty on the same voluntary group basis as lay employees of such organizations are now covered under present law. Self-employed ministers under the House bill would have been covered on a compulsory basis. Christian Science practitioners under the House bill were treated as professional self-employed persons, and would have been covered on a compulsory basis.

The Senate bill would have permitted ministers, Christian Science practitioners, and members of religious orders who have not taken a vow of poverty, whether employees or self-employed, to secure coverage as self-employed persons on an individual voluntary basis. In the case of ministers, Christian Science practitioners, and members of religious orders who are citizens of the United States but employed outside the United States by an American employer, coverage under the Senate bill would have been granted on the same voluntary basis. Under the Senate bill these groups would be required to elect coverage within 2 years. The filing of a certificate would be required by the individual on or before the due date of his tax return for the second taxable year ending after 1954 for which he has net earnings of $400 or more. In determining the period during which a certificate may be filed, the Senate bill would have excluded any taxable year for which the individual has no income from the performance of service as a minister or Christian Science practitioner. Also, in determining such period a year in which his total self-employment income from whatever source totals less than $400 would not be counted.

The House conferees accepted the Senate amendments.

FARM WORKERS

The House bill covered farm workers who are paid at least $200 in cash wages by any one employer in a calendar year. The Senate bill would cover farm workers who are paid at least $50 in cash wages by any one employer in a calendar quarter.

The conference agreement would cover farm workers who are paid at least $100 in cash wages by one employer in a calendar year. This would extend coverage to about 2.1-million farm workers.

EMPLOYEES CONNECTED WITH THE PRODUCTION OF GUM NAVAL STORES

The House bill would have covered individuals performing services in connection with production or harvesting of gum naval stores. The Senate bill would retain the provision of present law and thus continue to exclude from coverage individuals performing such services. The House conferees accepted the Senate amendment.

FOREIGN AGRICULTURAL LABORERS

The Senate bill would exclude from coverage temporary agricultural workers who have been lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies. The House conferees accepted the Senate amendment.

ELECTION OF COVERAGE BY STATE AND LOCAL EMPLOYEES WHO ALREADY HAVE RETIREMENT SYSTEMS

The House bill would require that in order for State and local retirement system members to be covered under OASI (a) a majority of the members eligible to vote in the referendum would so vote and (b) two-thirds or more of those voting voted in favor of coverage. The Senate bill would require that a majority of the employees eligible to vote in the referendum would have to vote in favor of coverage. The House conferees accepted the Senate amendment.

The House bill permits the State to treat a statewide retirement system either as a single system or as consisting of a separate system for the employees of the State and each political subdivision concerned. The Senate bill permits the State one additional alternative with respect to a statewide reirement system: Any one political subdivision or any combination of one or more political subdivisions—or of the State and any one or more political subdivisions—could be considered a separate retirement system for purposes of the referendum. The House conferees accepted the Senate amendment.

Under the House bill public colleges and universities would not be able to act independently of public schools when the employees of the public schools and the employees of public colleges and universities are under the same retirement system. The Senate bill provides that, if a State desires, the employees of each institution of higher learning could be treated as having a separate retirement system for the purpose of the referendum and coverage under OASI. The House conferees accepted the Senate amendment.

INSPECTORS OF AGRICULTURAL PRODUCTS

The Senate bill adds a provision under which persons employed as inspectors of agricultural products pursuant to agreements between a State and the United States Department of Agriculture may be deemed, at the option of the State, to be State employees. Such persons would be considered a separate coverage group for the purposes of the State and local coverage provisions. The House conferees accepted the Senate amendment.

EDUCATIONAL EMPLOYEES OF THE STATE UTAH

The Senate bill adds a provision under which certain groups of educational employees of the State of Utah may be deemed to be separate coverage groups. These employees may be covered retroactively to January 1, 1951 if they are covered before January 1, 1955. This provision would make it possible to afford these educational employees of the State the same combination of protection afforded by OASI and the State retirement system that other educational employees in the State of Utah now have. The House conferees accepted the Senate amendment.

MEMBERS OF THE ARIZONA TEACHERS RETIREMENT SYSTEM

The Senate bill adds a provision which would enable the State of Arizona to obtain coverage retroactive to January 1, 1951 for members of the Arizona Teachers Retirement System if a modification of the State agreement is entered into prior to January 1, 1956. The House conferees accepted the Senate amendment.

RECOMPUTATIONS IN THE CASE OF RETROACTIVE COVERAGE UNDER STATE AGREEMENTS

This provision was added in the Senate bill at the request of representatives of the Department of Health, Education, and Welfare to carry out what was believed to be the intent of the House bill.

This section of the bill relates to work recomputations resulting from presumed work deductions in case of individuals covered under retroactive State agreements such as in the State of Virginia. The Senate bill changes the provision of the House bill in the following respects: The Senate amendment enables survivors of persons who died before January 1, 1956, without having filed applications for recomputations to obtain recomputations even though the survivors do not file for such recomputations until subsequent to January 1, 1956. The House bill would have given recomputations only to those survivors who filed before January 1, 1956. The Senate amendment also adds additional points for deeming when the application for the recomputation was filed in order to provide more equitable results in the recomputation of benefit amounts and clarifies the provisions of the House bill with respect to the closing dates to be used in connection with the recomputations. The Senate amendment also specifically requires the filing of applications in order to receive benefits rather than imposing upon the Department the necessity of determining the individuals to whom the provisions might apply.

The House conferees accepted the Senate amendment.

EFFECTIVE DATE OF BENEFIT INCREASES

The Senate bill specifies the effective date for benefits changes—September 1954. The House bill uses the language "after the last day of the month following the month in which the Social Security Act Amendments of 1954 are enacted." Whenever the House bill uses the quoted provision the Senate bill makes the effective date September 1954 by using the language "after August 1954." The House conferees accepted the Senate amendment.

WITHOLDING OF SOCIAL-SECURITY TAXES

Under the Senate bill, a new provision is added authorizing employers of agricultural workers, casual workers, domestic workers, and home workers to withhold the employees share of social-security taxes prior to the time the worker meets the $50 cash wage test for coverage under the program. This provision was added for the purpose of making it clear that the employer would not have to gage the exact time at which $50 was reached, such as, for apple and berry pickers. The provision was made applicable to all cases where the $50 cash-wage test is used for uniformity.

Under the conference agreement, agricultural workers would be covered only if they earn $100 from one employer in a calendar year, and the Senate provision was accepted with an amendment reflecting this change as to agricultural workers.

CONTINUATION OF PRESENT MATCHING FORMULAS FOR PUBLIC-ASSISTANCE PAYMENTS

The House bill would have continued the present matching formulas for old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children until September 30, 1955. The Senate bill extends the provision until September 30, 1956. The House conferees accepted the Senate amendment.

EMPLOYEES OF NONPROFIT INSTITUTIONS

The Senate added two provisions:

First. To provide for coverage prior to the date of enactment of the bill of employees of certain tax-exempt organizations which have failed effectively to waive their tax exemption so as to cover their employees, but which had paid taxes with respect to their employees under the belief that they had effectively filed a waiver. This applies only to the years prior to January 1, 1955. The House conferees accepted this provision.

Second. To provide retroactive coverage in the case of an individual who was, prior to the date of enactment of the bill, an employee of a tax-exempt organization which had filed a tax waiver so as to provide social-security coverage for its employees, but such waiver was not effective in the case of such individual because he failed to append his signature to the list required to accompany such waiver. The provision would be applicable only in the case of an individual with respect to whom taxes were withheld and paid by the employer. This provision is effective only with respect to service performed prior to enactment of the bill. The House conferees accepted this provision with an amendment requiring that proper action must be taken within 2 years.

The House bill contained a provision which permitted an individual who failed to sign the list required to accompany a waiver to sign a supplemental list at a subsequent time thus permitting the waiver to become effective with respect to such individual as of the time he signs the supplemental list. The Senate struck this provision. The Senate conferees receded with an amendment putting a 2-year limitation on the time within which action must be taken.

RECOMPUTATION OF BENEFITS

Under the House bill, once a worker on the rolls earns $1,000 in a year after 1953 he establishes eligibility for a work recomputation but through an oversight in drafting he is not required to earn $1,000 in another year before he can get another recomputation. The Senate bill raises the qualifying requirement from $1,000 of earnings in a year to more than $1,200 to make it comparable to the exempt amount in the retirement test contained in the Senate bill. The Senate bill also corrects the drafting error, thus avoiding the administrative problem of having a large number of individuals applying for recomputations when there would be little change in their benefit amounts resulting from such recomputations. The House conferees accepted the Senate amendment.

BENEFITS OF DEPENDENTS AND SURVIVORS RESIDING ABROAD

The House bill would have provided for the denial of benefits to dependents and survivors of an insured worker when such dependents and survivors reside outside the United States unless they could show a residence in the United States for 3 out of the last 5 years, or unless it could be shown in the case of a child less than 3 years old that he was born in the United States, or unless the wages of the insured worker gave him a currently insured status on the basis of military service or covered earnings accrued from work outside the United States. The Senate bill deletes this provision and continues present law. The House conferees accepted the Senate amendment.

WAGE RECORD AND BENEFITS OF PERSONS ILLEGALLY IN THE UNITED STATES OR WHO ARE DEPORTED FROM THE UNITED STATES

The House bill provided for the deletion from the wage record, both for purposes of determining insured status and computing benefits, the earnings of an individual during any period in which he may have been in this country illegally. The House bill also would have terminated all benefits payable on an individual's wage record upon notification by the Attorney General that the person has been deported from the United States because of unlawful entry, conviction of a crime, subversive activity, and so on as set forth as grounds for deportation in the Immigration and Nationality Act. The Senate deleted these provisions from the House bill.

The conference agreement would deny benefits to persons who are deported, while still paying benefits to the dependends and survivors of such persons unless they are outside of the United States and are not citizens of the United States.

LUMP-SUM DEATH PAYMENTS

The House bill would have limited the maximum lump-sum death payment to $255. The Senate deleted this limitation, and this had the effect of permitting a maximum lump-sum death payment of three times the amount of the primary beneficiary's benefit. The conferees agreed to the House limitation of $255.

STUDY OF MINIMUM BENEFITS

The Senate added an amendment directing the Secretary of Health, Education and Welfare to conduct a study with a view to determining the feasibility of increasing the minimum Old-Age and Survivors Insurance benefit to $55, $60, and $75. The study is to include an analysis of the increased cost offset by the saving to the Federal Government in grants to the States for public assistance. The House conferees accepted this amendment.

Mr. REED of New York. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, today the House is called upon to accept the conference report on another major piece of legislation which has been presented to the Congress by the Committee on Ways and Means. The legislation before us today is the Social Security Amendments of 1954, H. R. 9366. By approving the conference report relating thereto, we will have sent to the Senate and, I am confident, to the President for approval, a bill that will mean security and well-being to virtually every American during the period of his retirement. It will also mean security and well-being to every American family in the event that the wage earner meets an untimely death.

It was my privilege as a ranking Republican member of the Ways and Means Committee to serve as a conferee on the conference committee. The House conferees have met with the Senate conferees for several days, and we have emerged from that conference with the finest social-security legislation that has ever been written.

This social-security bill was a long time in the preparation. It is a major part of the President's legislative program. The Committee on Ways and Means has held lengthy public hearings and equally lengthy executive sessions in preparing this bill for the consideration of Congress. Similarly, the Senate Finance Committee has given it careful consideration. It was passed by an overwhelming vote in both Chambers of the Congress. The conferees have perfected it in the final form in which it is now presented to this distinguished body.

As approved by the conferees, the security and protection afforded under the old-age and survivors insurance program are extended to 10,200,000 workers who were previously excluded from participation in the system. I would like at this time to enumerate these major categories which are newly covered and indi-

cate the number of individuals coming within each group:

Farm operators	3,600,000
Farm workers	2,100,000
Domestic workers	200,000
State and local employees	3,500,000
Ministers	250,000
Home workers	100,000
Fishermen	50,000
Employees of foreign subsidiaries	100,000
Employment not in course of trade or business	50,000
Professional self-employed	100,000
Federal employees	150,000
Total	10,200,000

Thus, under the Social Security Amendments of 1954, we have achieved virtually universal coverage of the American public.

With respect to coverage, we have excluded certain professional self-employed persons, such as doctors, dentists, other related medical professions, and lawyers. It is my hope that these groups who have been excluded will undertake to make their desires known to the Congress in future years as to whether or not they wish to come under this system. Doctors were originally included in the program during the work by the Committee on Ways and Means on the social security amendments. However, knowing the wishes of the doctors of Ohio as I do, I made a successful motion to have them excluded from coverage. Our Ohio doctors, as well as the medical profession throughout the Nation, work endlessly in behalf of their fellowmen.

I am also pleased that we were able to extend coverage to ministers, Christian Science practitioners, and members of religious orders on an individual voluntary basis as self-employed individuals. It is appropriate that members of the clergy should be permitted to decide for themselves as to whether or not they will participate in the old-age and survivors insurance program.

The bill, as approved by the conferees, gives greater protection and increased opportunity for self-determination as to coverage to teachers and other State and local employees who are covered under State and local retirement systems. As approved by the conferees, H. R. 9366 has greater safeguards to protect State and local employees from being forced involuntarily into this system. I have worked particularly hard to see that our outstanding State and local employees are not compelled to accept OASI coverage in opposition to their own desires. I am sure this bill successfully meets this problem. I have worked tirelessly to entirely exclude policemen and firemen from the OASI system. I have also worked successfully to make certain that before OASI coverage would apply to other State and local employees, that a majority of eligible voters in an employment group would have to vote affirmatively in favor of coverage. This safeguard will apply for the protection of teachers and other public employees.

Farm operators will be given coverage effective January 1, 1955, but they will not be called upon to make contributions to the system until April 1956. This time sequence will permit the American farmer to make his views known to Congress as to whether or not he desires to remain in the system. Certainly, the Congress was advised by the majority of the national farm organizations that farmers did desire old-age and survivors' insurance coverage.

Another feature of H. R. 9366 which particularly pleases me is the liberalization of the retirement test. The conferees approved a provision permitting a retired individual to earn up to $1,200 a year without loss of benefits. Present law permits employed individuals to earn only $75 per month without loss of earnings. A self-employed individual can earn $900 per year under present law. By putting both the employed and self-employed on an annual basis and by increasing the limitation to $1,200, a beneficiary will have greater flexibility in arranging periods of employment for himself to supplement his annuity. We have also reduced from age 75 to age 72 the age at which the work clause becomes inapplicable. Thus, persons who have attained age 72 will be permitted to continue working and draw benefits without regard to the $1,200 limitation.

We have also continued until September 30, 1956 the present matching formulas for old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children. Without this action such public assistance payments would have been reduced effective September 30, 1954.

The bill when it becomes public law will mean that the over 6 million beneficiaries now on the OASI rolls will receive increased annuities ranging from $5 to $13.50 per month. These increases will be effective with respect to the month of September and will be reflected in the checks which will be received on approximately October 1 of this year.

For those persons retiring in the future, further liberalization is made in the benefit amounts. The present range of benefits from $25 to $85 per month for a primary insured individual will be increased to a range of from $30 per month to $108.50. H. R. 9366 increases maximum family benefits from $168.75 per month to $200 per month. A worker and his wife retiring in the future after attaining age 65 will be able to receive a maximum benefit of $168.75 per month instead of $127.50 per month as under present law.

Thus, I have summarized the highlights of the many beneficial changes that have been made in our social security law by the Social Security Amendments of 1954, H. R. 9366. By extending coverage to over 10 million American workers, by substantially increasing benefits and by greatly liberalizing the retirement test, we have succeeded in removing many of the inequities that have heretofore been present in the law. We have provided a realistic floor of protection for our senior citizens. We have made substantial progress in providing an old-age and survivors insurance program that properly meets the needs of the American people.

Mr. REED of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, the substance of what I have to say is likely something that I have said on this floor time and again. I just want to tell my Democratic friends that they have nothing for which they need make any apologies if and when they go home to their constituents. You can be proud of the fact that throughout the 20 years of the Social Security System you have had spokesmen—and I am proud to say that I have perhaps been in the vanguard among those—who have advocated more or less, mostly more than anything that exists in this bill; and had the Republicans voted with us while they were in the minority, as we are going to vote with them today as the minority group, most of the provisions of this bill would long ago have been law and would have been enjoyed by the people of this United States.

As I say, this is another part of the Eisenhower program that stems from the hearts and philosophy of the Democrats. It is not a question of saying who deserves the credit. It has been a great job, and I will say to my friends on both sides of the aisle, I am most happy that at long last our Republican friends have recognized the real value of the social-security system. When we get hospitalization and disability provisions in the law, which I have also advocated and pioneered in the proposal for years, then and only then will we have a rounded out system. I say to you now, as I have said in the past, that the day is coming when hospitalization and disability benefits will be provided. I know my good friends on the committee, the Republicans, are going to see through that, and despite any conservative tendencies they are going to admit that it is essential to the welfare of the people.

The social-security system has put out of business—paralyzed and put out of business the old poorhouses. They are going out of business. There is no use for them. Ma and Pa are living together at home, either with a son or a daughter; or they have a little piece of mud, with a cow or a goat, and they raise a little fruit and a little vegetables and they have their own milk and they live happily together instead of being separated in two different poorhouses and dying of broken hearts.

I am happy to have lived to see the day when I find such wonderful cooperation between the members of the Democratic Party and the Republican Party working together for the social betterment and the welfare of our people.

Mr. Speaker, this is indeed a very happy occasion for me. For many years I have introduced legislation which would make coverage under social security liberal and practically universal. When H. R. 9366 passed the House coverage was extended to practically everyone who is not now covered under the old-age insurance program. The only exception as far as any large group is concerned was physicians. The conference agreement as contained in the conference report while excluding in addition to physicians, lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, and optometrists, extends coverage to most of the persons which

the House bill covered. I regret that coverage was not made all inclusive. Be assured exclusion was not my idea.

I stated regret on the floor of the House when H. R. 9366 was being considered that more realistic benefits are not being provided for retired persons, their dependents, and survivors. We are increasing benefits to some extent but they are still deficient and not what I believe they should be.

I am particularly disappointed that my efforts to have disability insurance payments included in this legislation were unsuccessful. This is, in my opinion, one of the two great shortcomings of our present social-security system. As long as I have strength I shall continue my fight to provide disability insurance payments to disabled workers and their dependents. In most cases these persons are as worthy and much more in need of benefit payments than those who are now eligible for them because the breadwinner in a family may become disabled when his financial obligations to his family and on his home are the greatest, and he may also be faced with heavy medical expenses.

The other major shortcoming is the lack of a provision for hospitalization benefits for social-security beneficiaries. Here again I have long fought to formally provide such benefits and I shall continue to do so until they are enacted.

On the whole, with the exceptions I have pointed out above, the pending conference report is a big step forward in liberalizing our social-security system. No one man can take an undue share of credit for the advancements contained in the pending legislation. However, in all modesty, I state without fear of contradiction that major improvements and liberalizations in the system have been one of my major aims and accomplishments ever since social security was first proposed and enacted into law. I will not take the time of the Members to enumerate the provisions in the conference report which were contained in legislation which I have previously introduced in each and every Congress from the very beginning of the system. The gentleman from Tennessee has given an excellent statement on the provisions as agreed to in conference. It is a matter of record that most, if not all, of these are contained in legislation which I first introduced years ago.

There is another reason why this is somewhat of an occasion as far as I am concerned. Our friends, the Republicans, on the other side of the aisle, for years fought the efforts of those of us on this side to improve the social-security system. They have finally seen the light and I welcome their arrival in our camp, belated as it may be. Had the Republicans while they were in the minority voted with us Democrats then in the majority all these improvements, and many more, would long ago have been enacted into law and the benefits enjoyed by many who are to receive them at this late date.

In my opinion no piece of legislation has ever been enacted by the Congress which is as humane and practical as our social-security laws. It is my hope that in the next session of Congress we will provide disability-insurance benefits and hospitalization benefits as well as adequate payments to retired workers, their dependents, and the survivors of deceased workers. My efforts will not cease until this is accomplished.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. EBERHARTER] 1 minute.

Mr. EBERHARTER. Mr. Speaker, I am very much pleased that this conference report comes in as it is. I certainly will support it wholeheartedly.

My only regret, Mr. Speaker, is that we do not have a little more coverage. I think lawyers should be covered; I think physicians and dentists should have been covered; but most of all I am sorry that we did not insert in this measure a provision which would take care of those who become permanently and totally disabled and who are eligible by reason of payments into the social-security system.

The way the bill is now, if a man works for 25 years and by that time is 45 years of age and becomes permanently and totally disabled, he cannot draw a cent of benefits for 20 more years, until he is aged 65. I say that is something that will certainly have to be taken care of in the very near future, because if a person is permanently and totally disabled at 50 years of age he would still have to wait 15 years before he could draw any benefits. That ought to be corrected.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that all Members of the House may be permitted to extend their remarks at this point in the RECORD on the pending conference report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARSHALL. Mr. Speaker, I am disappointed that the Senate did not see fit to include dentists under social security. I realize the problem in the closing days of a session for conferees to agree on all features of the bill in conference.

Dentists rely largely on their hands in doing dentist work. Anything that affects their hands handicaps them in doing their work. Age, disease, and accidents may render them without means of livelihood. It is regrettable that they were not included; as a group they are most worthy.

Dr. Earl H. McGonagle, D. D. S., of Royalton, Minn., has worked hard in behalf of dentists. He appeared before the committee as an individual urging consideration for them. He understands the feeling of local dentists and took a survey which indicates the feeling of dentists in three typical States:

	Yes	*No*
Massachusetts	1,164	51
Minnesota	927	325
Oregon	327	140

Showing a predominance for inclusion.

Dr. McGonagle was aware of some of the groups in opposition and their attitude. I know that the work and expense he put forth is not lost and I predict, that in the near future, dentists will be covered.

Mr. DONOHUE. Mr. Speaker, as one who has consistently supported the continuing expansion and benefits liberalization of our social-security laws, I am happy to vote in favor of this conference report. Although it still excludes many segments of our society that, in my judgment, should be covered and who want to be included, it is nevertheless another forward step and argues well for further improvement and coverage in the near future.

The acceptance of this conference report will add more than 10 million persons to the social-security system and a majority of all the employed and self-employed people of this country will now be entitled to protection.

One outstanding modern improvement contained in this report is, in my opinion, the extending of coverage to approximately 100,000 professional people; namely, accountants, engineers, architects, and undertakers. Also more than 3 million farm operators with their wives and children will now have this essential basic retirement and survivors' protection.

The report constitutes a measure of substantial merit basically designed to promote the general welfare of the people of the United States and I urge its unanimous passage.

Mr. REED of New York. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

SELECT COMMITTEE ON SMALL BUSINESS

Mr. SEELY-BROWN. Mr. Speaker, I ask unanimous consent that the Select Committee on Small Business may have permission to file sundy reports.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

PAY RAISE BILL

Mr. REES of Kansas. Mr. Speaker, I move to suspend the rules and pass the resolution (H. Res. 710).

The Clerk read the resolution, as follows:

Be it resolved, etc., That upon the adoption of this resolution the bill H. R. 7774, with the Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table, to the end that the Senate amendments be, and the same are hereby, agreed to.

The SPEAKER. Is a second demanded? [After a pause.] If not, the question is: Shall the rules be suspended and the resolution passed?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution was passed.

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent that all Mem-

to Americans, Ours is a glorious and independent people, Mr. President. Our wonderful Nation we have built ourselves.

Since 1794—and then it was not Britain—no nation in the world has ever loaned the United States a dollar and $15 million that Holland loaned us then had been repaid in full by 1806.

No nation has ever had to send a single soldier to fight in our defense since the Revolution. No nation has ever extended us a penny's worth of foreign aid, and no nation ever has been asked to.

No nation has ever embraced any form of collective security in our interest, and no nation ever will.

Collective security is a foreign scheme, in the foreign interest, advocated by our one-worlders and socialistic dreamers, that we would be better off to be done with.

RETURN TO HISTORIC POLICY WILL STRENGTHEN AMERICA

On the firm ground of American policy and independence, Mr. President, this Nation, as for the first 150 years of our history, can and will stand on its own feet, in strength, prosperity and security.

A sound American policy, based realistically on the Declaration of Independence, the Constitution and the Monroe Doctrine, would save America.

Such a policy will reaffirm the powers of Congress to regulate our own foreign commerce and the full power of the administration to make and keep the peace. Let us exercise these powers as we exercised them during our first 150 fruitful years, and before a New Deal administration substituted the British—socialistic doctrine of collective security for our freedom and independence.

Mr. President, in the Evening Star of today there was published an article entitled "Containment Policy Revived—Allies Are Expected To Leave America in the Lurch Unless We Follow Their Policies Toward Russia." The article is written by Constantine Brown. I ask unanimous consent that the article be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONTAINMENT POLICY REVIVED—ALLIES ARE EXPECTED TO LEAVE AMERICA IN THE LURCH UNLESS WE FOLLOW THEIR POLICIES TOWARD RUSSIA

(By Constantine Brown)

There are indications that our foreign policy is once more in a state of flux. The Old Guard left behind by the previous administration in the State Department is again advocating a policy of containment. Only this time, to make the doctrine more palatable, the word "resolute" has been added.

This revival has made only a limited impression on Secretary of State Dulles. But it has met with much more success in the National Security Council where the world situation is being reviewed and guiding reports made for President Eisenhower and the Secretaries of State, Defense, and Treasury.

It is noteworthy that nobody even whispers any longer about liberation of enslaved satellites by all means short of war, as set forth in the Republican platform in 1952.

Moscow and Peiping began to release peace doves after their smashing victory at Geneva. These birds are alighting everywhere in the world except in America.

The entire structure which we built at enormous cost to arrest Communist imperialism is faltering. The visit of the top British Labor Party leaders to Peiping is not merely an irresponsible act of the opposition. In foreign-policy matters responsible British politicians do not act independently.

Clement Attlee unquestionably had Sir Winston Churchill's blessing when he agreed to head the Labor parliamentary delegation on its feasting and toasting pilgrimage to Peiping.

In France there is a definite trend toward a new understanding with the Communist powers. Under the leadership of the mercurial Premier Mendes-France, the French aim to reorganize their economic structure to compete with the spectacular progress of West Germany.

The French have accepted with customary resignation their defeat in Asia and the evaporation of their empire. They regard the present world situation as entirely different from what it was in 1950 when the NATO was created. At that time they had some limited concern over the possibility that Russia might unleash a war in Western Europe. They also desperately needed the American dollars which were pouring into their country through the foreign-aid program.

The situation has changed radically of late. There is not a single man in political life in France who thinks that Russia will attack Western Europe—except under direct provocation. Hence the increased lukewarmness for rearmament under NATO. Too, the need for dollars has lessened. France and the rest of Europe need foreign markets. Russia and China are both offering tempting trade "carrots."

We are a nation of idealists. We fought our last three wars for principles and not for profit. We still believe in international friendships based on sentiment rather than selfish interests.

We helped the Western democracies against dictatorships and wanton aggression in the two world wars. We ransacked the taxpayers' pockets after the war to speed the recovery of friend and foe alike. It is only natural then that our people, and especially our policymakers, do not realize that in international affairs the statement of a Victorian statesman that "Britain knows no friendships, no enmities, but only interests" is more true now than in those days.

That Victorian slogan has become the watchword not only of our British cousins but of many other nations. Gratitude can be found only rarely even among individuals. It just does not exist in dealings between nations.

We based the conduct of our foreign policies on the premise that the friends we have helped unstintingly would show their gratefulness by returning the favor in our time of difficulties. In this we made a grievous error. Our allies are interested primarily in themselves. So long as their interests coincided with ours they dovetailed their policies with ours. But when their interests diverge so do their policies turn away from ours.

We believe that the Communist governments in the U. S. S. R. and China are more dangerous and more aggressive than the Central Powers and the Axis were in the two world wars. Our allies lull themselves in the belief that the Communist leopards can change their spots and be made into housebroken pets merely by ignoring the real intentions of Moscow and Peiping.

The administration has received sufficient indications, if it wants to read between the lines of the diplomatic communications, that our allies will leave us in the lurch unless we follow them in their new policies toward Russia and China. This, it is said, necessitates the revival of the doctrine of "resolute containment."

LORD PALMERSTON'S CLASSIC STATEMENT RECALLED

Mr. MALONE. Mr. President, I wish to say that in the past I have frequently quoted a statement made in 1848 by the then Prime Minister of Great Britain. I have quoted that statement many times on the floor of the Senate, apropos of the deals made by Britain in signing compacts.

Mr. President, if all the compacts we have signed with Britain and with other European countries in the past 15 years were laid end to end, they would go about three times around the world. But all of them are out the window in a flash if anything starts, because they are signed only to allay the feelings of the people, so they will not notice the things that are happening to them.

What did the great Prime Minister of Britain, Viscount Palmerston say in 1848? Viscount Palmerston said, apropos of Britain's foreign policy, and he did not make it; he merely voiced it as it has since been voiced many times, the last time by Mr. Churchill—Viscount Palmerston said:

> We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual and those interests it is our duty to follow.

That means that Britain will sign a peace pact, but will ignore it if war breaks out.

BRITAIN'S TRANSIENT TREATIES

The United States signs such treaties, and does so with the intention of carrying them out to the letter. But Britain will honor such treaties only so long as the interests of the country with which she signs the treaty are parallel to Britain's interests; and when the other country's interests are no longer parallel with Britain's interests, Britain does not see fit to go along with that country, and that is the end of the agreement.

Today, Mr. President, we have the picture of Clement Attlee in Moscow and in Peiping, making deals. Does any Member of the Senate believe he was there without the sanction of Churchill? Of course not.

MORE BILLIONS POURED OUT TO EUROPE

So we pour $13 billion more into Europe, to finance those nations and to build their factories and to permit them to buy materials in order to make good on the trade agreements Mr. Attlee is now making with Russia and Communist China. Of course, Britain has recognized Communist China.

Mr. President, if we, as a nation, would just realize one time, what these treaties mean; if the United States Senate were allowed enough time to think about these treaties and compacts, which are presented to the Senate in such a rush, the situation would be different. Five were presented to us this afternoon within an hour, and not one Senator on this floor had ever read one of them or had any knowledge of what they contained. That is getting to be a habit; and we have had the picture of the United States Senate, the greatest deliberative body in the world, working 14 hours a day, like an extra gang on a railroad—a deliberative body.

I suggest that we clean up a few of these bills in the next few months, and adjourn, instead of taking a recess. But I suppose the knot is tied on having the Senate take a recess. So we shall go out a little while, and shall visit with some of our constituents, and suddenly we shall be called back—for what? For a report of a Senate committee on a resolution which was admitted in the course of the debate to have no point whatsoever. The debate on the resolution shows that. But we had to appoint a committee, and we must hold 96 Senators on call, to accept the great report the committee will make.

SENATE SHOULD RESUME HISTORIC RESPONSIBILITY AS DELIBERATIVE BODY

I wish to say, as 1 of the 96 Members of the Senate, in speaking tonight, in the closing hours of this session, that the Senate should again become a deliberative body and the Senate should again become the greatest deliberative body on earth—which it is not at present. Then we shall be able to really consider the proposed legislation.

Mr. President, the last time I read the Constitution of the United States I read that there are 3 branches of our Government, not 1. Our Government has 3 independent branches, each one having checks and balances upon the other, so that if 1 goes haywire, 2 will be left; and if 2 go haywire, 1, at least, will be left. Today we have the spectacle of all three of them going down the drain, and the people of the United States know it. They know the Senate is not deliberating as it should on legislation, and has not done so for the last half of this session.

Bills are passed here, little understood, with no time for debate, or with limited time, and with sessions lasting 14 hours a day or 15 hours a day. I said to one of the junior Senators of this body a short time ago, "You have been here 2 years. You are a member of the greatest deliberative body in the world. Have you ever deliberated about anything?"

He looked a little startled, and said: "Not yet; there is no time for that."

RESTORE SENATE TO CONSTITUTIONAL ROLE

So, Mr. President, we shall be back, I suppose, in 2 or 3 weeks to hear the committee's report. I have to travel only 3,000 miles to come to Washington; it is a very simple matter to return to hear a committee report. But I suggest that when we come back in January, we take our time, and organize the Senate as the kind of organization the Constitution says it is, the kind of organization that our history tells us it has always been, though for a considerable time it has not been—the greatest deliberative body in the world.

GHOST WRITER FOR F. D. R.

Mr. President, I believe I had unanimous consent that all the colloquy taking place during my remarks would appear at the end of my address, and that the address would appear without interruption in the RECORD. Is that correct? If not, I ask unanimous consent that all the interim debate during the course of my remarks appear at the end of the address of the junior Senator from Nevada.

The VICE PRESIDENT. Without objection, the unanimous-consent request is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1954—CONFERENCE REPORT

During the delivery of Mr. MALONE's speech,

Mr. MILLIKIN. Mr. President, will the Senator from Nevada yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Colorado?

Mr. MILLIKIN. I have a privileged matter, the House conference report on the social security bill, on which the House has acted, I should like to bring up at this time, with the understanding that the Senator from Nevada does not lose the floor.

Mr. MALONE. I am happy to yield to the distinguished junior Senator from Colorado, with the understanding that I do not lose the floor and that all debate and proceedings on the report appear at the end of my address.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, it is so ordered.

Mr. MILLIKIN. I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors' insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MILLIKIN. Mr. President, the conference agreement will improve the old-age and survivors insurance system so that it will continue to be what President Eisenhower called it, "the cornerstone of the Government's programs to promote the economic security of the individual." I think that with the adoption of the conference agreement, we may look forward to a decline in expenditures from general revenues under the public-assistance programs.

I am glad to report to the Senate that the conference agreement would bring the old-age and survivors insurance system in line with the recommendations made by the Advisory Council on Social Security to the Committee on Finance which was appointed during the 80th Congress.

I shall summarize briefly the major provisions of the conference agreement that differ from the Senate-passed bill.

First as to coverage, the bill as passed by the Senate would have extended the system to about 7 million individuals. The conference agreement would extend coverage to about 10 million individuals.

This increased coverage would be brought about primarily because the conference agreement would cover self-employed farm operators numbering 3.6 million individuals.

I shall comment about the extension of coverage to farmers after I have mentioned the other changes made in the conference agreement relating to coverage.

SELF-EMPLOYED PROFESSIONALS

An agreement was reached as to the coverage of self-employed professional individuals after very careful consideration on the part of the House managers and the conferees of the Senate.

You will recall that the House bill would have covered all professional groups now excluded with the exception of physicians. The Senate bill excluded all self-employed professional people now excluded with the exception of funeral directors. The conference agreement would extend coverage to funeral directors, accountants, architects, and professional engineers. On the other hand, physicians, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists would continue to be excluded from the system.

This decision as to self-employed professionals was arrived at on the basis of representations made by the managers of the House of Representatives that many accountants, architects, and engineers had requested coverage. The funeral directors, the Senate will recall, were added by amendment on the Senate floor.

AGRICULTURAL WORKERS

The conference agreement would cover 2.1 million farm workers who are paid at least $100 in cash wages by 1 employer in a calendar year. This represents a compromise between the House and the Senate bills. The House bill would have covered 1.3 million farm workers by covering those workers who are paid at least $200 in cash wages by any one employer in a calendar year. The Senate bill extended coverage more broadly, to some 2.6 million persons, by including farm workers who are paid at least $50 in cash wages by any one employer in a calendar quarter.

As to the other provisions relating to agricultural workers, the House accepted the amendment in the Senate bill which would exclude persons performing services in connection with the production or harvesting of gum naval stores. The House also agreed to the amendment added on the floor of the Senate which would exclude from coverage temporary agricultural workers who have been lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies.

FEDERAL EMPLOYEES

The Senate conferees accepted the provision in the House bill extending coverage to about 150,000 Federal employees, but rejected the provision in the House bill which would have included employees of TVA and the Federal home loan banks.

Coverage would be extended to most Federal employees not covered by retirement systems including temporary employees in the field service of the Post Office Department, census-taking employees of the Bureau of the Census, civilian employees of the Coast Guard post exchanges, and certain other fringe groups of Federal employees. Because employees of the TVA and Federal home loan banks are covered by an existing retirement system, the conference committee decided to exclude them from old-age and survivors insurance pending further study.

FARMERS

As the Members of the Senate know, the conference committee spent considerable time in trying to resolve the issue arising under the House and Senate bills regarding coverage of self-employed farmers. The Senate bill made no provision for the coverage of farmers on the ground that there was not sufficient evidence presented to the Committee on Finance showing that farmers desired to be brought into the system. The House managers took the position that the farmers of the country wanted the protection for themselves and their dependents afforded by old-age and survivors insurance.

After prolonged discussion, a majority of Senate conferees accepted the provision of the House bill covering farmers. In arriving at this conclusion, the conferees were impressed by the fact that under the House bill, farmers generally would not be required to pay the self-employment tax until April 15, 1956. This means that under the conference agreement, the farmers of the country will have an opportunity to make their wishes known to the Congress well before the self-employment tax becomes due.

Mr. CASE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BARRETT in the chair). Does the Senator yield to the Senator from South Dakota?

Mr. MILLIKIN. I yield.

Mr. CASE. Did the conferees give consideration to periodic payments for self-employed farmers? I raise that question because of the point that is implicit in the setting of the April 1956 date. Farm income, as the Senator from Colorado so well knows, is seasonal, and it is difficult to make monthly payments, perhaps impossible to make monthly payments, and difficult to make even quarterly payments, because of the seasonal character of so much of their work.

Mr. MILLIKIN. Under the bill the way it will be if we approve the conference report, the farmer makes yearly payments.

Mr. CASE. Once a year?

Mr. MILLIKIN. Once a year.

Mr. CASE. That would come in April?

Mr. MILLIKIN. That would come in April for nearly all farmers.

Does that answer the Senator's question?

Mr. CASE. It does. Of course, that may raise the question as to some farmers whether April is the time of income. I had in mind, for example, the cattle country where cattle are raised. They seldom sell their cattle in April. They do not go to market at that particular time. Feeders might be different.

Mr. MILLIKIN. My understanding is that he would file in April, and he would file at the same time he files his income tax.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CASE. There are a great many farmers who will not have cash coming in at that time of year.

Mr. MILLIKIN. There are a great many people, of course, who will not have cash coming in at that time of the year, but we had thought that it was a distinct accommodation, as compared with the old way of doing things, when we made the payment due in April rather than earlier.

Mr. CASE. Is it possible under the conference report that the collector might fix semiannual payments, or is it the suggestion that that might be arranged by Congress after this first period of experience developed some guidance?

Mr. MILLIKIN. I would say there is nothing in the proposal before us which would authorize that.

Mr. CASE. What was the suggestion the Senator made, then, with respect to April 1956 as affording Congress an opportunity to make some adjustments?

Mr. MILLIKIN. The first time that the farmer-employer, the farmowner, will have to pay his self-employment tax comes in April of 1956. The point there was that we have the rest of this year, all of next year, and some months of the year following, when Congress will be in session. If the farmer lets it be known he does not wish to be under this system, I feel there is a pretty reasonable expectation that the Congress will not force this on him.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. THYE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am glad to yield.

Mr. THYE. Is there a maximum that the farmer would pay? Assuming he was a rancher and that he had an income of considerable size, would there be a maximum beyond which he would not pay?

Mr. MILLIKIN. The highest amount on which he could pay would be $4,200 a year. He could pay the rate on that much. He would not be required to pay on some larger sum of income that he might earn.

Mr. THYE. That is exactly the question I wished to have answered, because that places a ceiling on the income on which he would pay the tax. He would pay on so much and no more, regardless of whether he had $100,000 above that amount.

Mr. MILLIKIN. That is correct.

Mr. MAYBANK. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. I gladly yield.

Mr. MAYBANK. Did I correctly understand the distinguished chairman of the committee to say that April is the time when they will pay?

Mr. MILLIKIN. Yes, April.

Mr. MAYBANK. Of course, down home that is planting time.

Mr. MILLIKIN. Yes.

Mr. MAYBANK. And it is fertilizer time. Why was April chosen?

Mr. MILLIKIN. Of course, up to this time, March was the specified date. But accountants and others working with these tax problems said that the requirement that all the returns be filed in March resulted in overwhelming them.

Mr. MAYBANK. I hope the distinguished Senator from Colorado, for whom I have great admiration, will permit me to say that the trouble in the United States today, particularly insofar as the farmers are concerned, is that the accountants and many other people are entirely too free with advice to the farmers. The farmers down home want opportunity, and freedom from domination by other groups. I intend to vote for the sound system that the farmers want; that is all I have to say.

Mr. MILLIKIN. Under the previous system, which required that the returns be made in March, there were numerous complaints from both farmers and those in other groups, all of whom had to made their income-tax returns in March.

Mr. MAYBANK. The acreage allotments were cut, too, by the Republican Party; that was done last week.

Mr. MILLIKIN. I prefer not to have a discussion of acreage allotments brought into our consideration of the conference report on the social-security bill.

Mr. MAYBANK. What is happening to the farmer is that his acreage has been taken away, and thus his means of obtaining an income is being taken away from him, and he has been denied 90 percent of parity, and now it is proposed that he be made to pay his tax at the very time of the year when he is putting cottonseed and corn and tobacco into the ground. Of course, I do not blame the Senator from Colorado for that.

Mr. MILLIKIN. I do not intend to enter into a discussion of the entire farm problem. I was asked why the payments were desired in April. For years we have heard the statement that too much work was piling up by March, and that it would be a distinct advantage to make this change. We have had representations from farmers to the effect that we should make the date a little later. We made the time for payment in April to accommodate those requests.

After prolonged discussion, a majority of Senate conferees accepted the provision in the House bill covering farmers. In arriving at this conclusion, the conferees were impressed by the fact that under the House bill, farmers generally would not be required to pay the self-employment tax until April 15, 1956. This means that under the conference agreement, the farmers of the country will have an opportunity to make their wishes known to the Congress well before the self-employment tax becomes due. In the event convincing evidence is submitted to the Congress next year that farmers do not want coverage, they could be excluded from coverage by the enactment of legislation next year or, in fact, at any time prior to April 15, 1956.

I also want to point out that the conference agreement lowers the application of the retirement test to age 72. This means that a farmer, or any other

insured individual, may receive his benefits and continue to remain fully employed upon attainment of age 72. Under present law this age requirement is 75 years. Moreover, I want to point out that under the conference agreement an insured farmer at age 65 would be able to turn over the operation of his farm to his son or rent it to any other person and draw full benefits under the system.

OTHER COVERAGE PROVISIONS

All other coverage provisions contained in the Senate bill were adopted by the conference committee.

RETIREMENT TEST

I mentioned earlier that the conference agreement lowers the application of the retirement test to age 72 as was contained in the Senate bill. The conference committee also agreed to the provision in the Senate bill under which a beneficiary could earn as much as $1,200 in a year from covered work without loss of any benefit payments. However, the $1,200 exempt earnings would include earnings from any type of employment or self-employment. The Senate bill would have included in the $1,200 amount only earnings from employment or self-employment covered by the old-age and survivors insurance system. I want to emphasize that the retirement test contained in the conference agreement is administratively feasible because we would now extend coverage to an additional 10 million people instead of 7 million people as would have been the case under the Senate bill. It was for administrative reasons that the Committee on Finance had recommended the exclusion of earnings from noncovered employment and self-employment in applying the retirement test.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am glad to yield.

Mr. HOLLAND. I am not sure I understood clearly the statement of the distinguished Senator from Colorado as to the number of persons covered by the social-security structure under the conference report, as compared with existing law.

Mr. MILLIKIN. Under the Senate bill it was 7 million. It would be 10 million under the conference agreement.

Mr. HOLLAND. Ten million additional persons are covered?

Mr. MILLIKIN. Yes.

Mr. HOLLAND. I thank the Senator.

BENEFITS

Mr. MILLIKIN. The provisions covering increased monthly benefits were the same in the bill as passed by the House and by the Senate and so were not in conference. Thus, more than 6.5 million persons now on the benefit rolls would have their benefits increased. The average increase for retired workers would be about $6 per month with proportionate increases for dependents and survivors. The maximum benefit for workers retiring in the future would be increased from $85 to $108.50.

As to lump-sum death benefits, there was one difference between the House bill and the Senate bill. The House bill limited the maximum lump-sum payment to $255 while the Senate bill limited the payment to $325.50. The conference agreement follows the House provision so that the maximum would be $255, which is the maximum provided in existing law.

DISQUALIFYING PROVISIONS

The Senate conferees accepted an amended version of the House provision which would terminate the old-age and survivors insurance benefit rights of persons deported from the United States. Under the conference agreement old-age and survivors insurance benefits—including lump-sum death benefits—would be denied to persons insured under the system upon their deportation from the United States, but their dependents would be entitled to benefits if they remain in the United States or if they are American citizens. The bill as passed by the Senate contained no provisions covering deportees.

PUBLIC ASSISTANCE

I am glad to report to the Senate that the conference committee was not unmindful of the needs of the individuals on the public assistance rolls. The conference agreement contains the same provisions relating to public assistance that were in the Senate bill. Thus, the matching formulas for Federal grants to the States—for old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children—would be extended to September 30, 1956, instead of September 30, 1955, as provided in the House bill.

CONCLUSION

Mr. President, I asked the Senate's support of H. R. 9366 last week, when the bill was under consideration, because it would strengthen and expand our contributory social insurance system. I said at that time, "There are several principal reasons which justify our support of the contributory social insurance system." The reasons include:

Benefits are provided as a matter of right without a means test—a test which I have always disliked.

The cost is met by the production of the worker and his employer through the payroll tax or, if he is self-employed, the self-employment tax, and thus assuring a continuing interest in the program on the part of management, labor, and the general public.

I believe that the Social Security Act amendments of 1954 as outlined in the conference report will constitute an important step in affording greater protection to the people of America against the economic hazards resulting from old age and premature death. I urge the adoption of the conference report so that the beneficiaries now on the rolls and individuals who will retire in the future can receive such protection.

I hope the conference report will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. JOHNSON of Colorado. What was done about transferring the city and State organizations into the Federal plan? What majority is it necessary for them to have in order to come?

Mr. GEORGE. It is as we fixed it.

Mr. MILLIKIN. It is the Senate version. It is 50 percent.

Mr. JOHNSON of Colorado. Is it 50 percent of all the members?

Mr. GEORGE. Fifty percent of those eligible to vote.

Mr. JOHNSON of Colorado. Whether they attend meetings or not?

Mr. GEORGE. That does not apply, as the Senator from Colorado will remember, to the policemen or to other peace officers. They are not included.

Mr. President, I was a member of the Committee on Finance when the Social Security bill was first presented to the Senate and when it first became a matter of consideration. I have gone along with it all the way, until now.

I did not sign the conference report, and I did not feel authorized to sign the name of the senior Senator from Virginia [Mr. BYRD], who was another conferee. He had authorized me to vote him entirely as I voted, but I did not interpret that fact to authorize me to sign his name to the conference report when I, myself, did not sign it. I shall not vote for it.

I wish to make my position entirely clear. My position is this. The Social Security Act commenced as a security measure for workers who did not have their own jobs, who did not make their own jobs, who were not self-employed, who had not spent their money to acquire a professional character or standing, and who have not invested in farms on which they work and live and expect to spend their entire time. It was intended to take care of the industrial worker who could be let out or kept on.

However, in the hands of the reformers—some have been in the Democratic Party and, to my surprise, some have captured the Republican Party—it has become nothing but a universal scheme and program of compulsory insurance. Apparently no man in America has sense enough to know what kind of insurance he wants to take; the Government must tell him what kind to take, and not only ask him to take it, but force him to pay for it.

The program has become nothing but a program of compulsory insurance applicable practically to every workingman, every earner, and every man who has an income.

I therefore did not go along with it. I have always said I am in favor of extending coverage, but I mean coverage of workers for whom this program was intended. That means the extension of coverage for workers who need its protection and to whom Congress has said, "We have a right to step in and say that you must have it. You may not voluntarily want to have it, but we will put you into the system, so that when you are unemployed and reach old age, having no control over your job, with the management having control of the job, you will be in a position where you will be taken care of under a very liberal system."

Now what do we have? The reformers have taken it over; first the re-

formers in the social security outfit, and now in both political parties. What is the result? We did not take in any lawyers this time. The doctors wiggled out. We did not take in the dentists this time, or the osteopaths or the chiropractors, or many others.

We will take them in, though, in the future. We cannot help it now. We have reached out and have taken in men who occupy an independent status. We have broken down every barrier. It is now said that a farmer who buys 160 acres of land or 400 acres of land expects to retire. The farmer does not expect any such thing. Only theorists can support an argument that he does. He does not expect to retire. He expects to live on his farm. That is his home. It is his security.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GEORGE. Not at this time. Yet the administration fears creeping socialism. This will break down the last independent barrier in America. He is the independent farmer. We put him into the system. We give him insurance. We make him pay for it. We know what is good for him, in other words. If the Senator will pardon me, I will be glad to yield to him in a minute.

Mr. MAYBANK. Certainly. I am enjoying the Senator's remarks.

Mr. GEORGE. That is how creeping socialism is working out. Some Senators wanted to take in the professions. The only reason the professions have not been taken in is because the doctors wiggled out. Some wanted to take in the lawyers. I know it is becoming a pastime in the United States to criticize lawyers. Yet I have never known of a great lawyer who did not love human freedom and human liberty and was not always ready to defend it.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. GEORGE. Not at the moment. I will yield in a few minutes. I should like to finish what I have to say.

We have taken all of them in. The only independent groups in this country are the professional men, who spend a sizable fortune to prepare themselves to practice their professions. The comparable man is the farmer, who buys his land and, with the help of a devoted wife, erects a little homestead on the side of the hill or in the valley.

An all-wise Congress, and the magnicent reformers, decide what is best for that man. They say, "We are going to put you under a compulsory insurance program. We will not ask you about it. We do not care. We know you are not going to retire. We know you are going to stay on the farm for the rest of your life and that you are going to carry on your farming operations; but we know better. We know you are going to have misfortunes and one of these days you are going to go over the hill to the poor farm if we do not do something for you."

The marvelous thing is that the party which is dedicated to free enterprise, the party which is so terribly afraid of creeping socialism, has done this thing to free Americans. Let Senators think about that, and let them go back and tell their people why they did it.

The only excuse we can have is to say, "We have more sense than you have. We know you will have misfortunes; you may become a pauper, and someone will have to take care of you and devise a system for taking care of you."

It is a magnificent thing for the farmer. No one has told him the truth about what it will cost him. None of the propagandists who have been propagandizing the farmer and writing letters, and none of his representatives in the farm organizations have told him the truth.

This is what confronts the farmer: Let us assume that the farmer takes a domestic servant into his home. She may be from one of the farm families on his farm. He takes her to help his wife prepare the food. He then must pay the taxes levied on an employer and also the tax on the employee, the domestic servant whom he brings into his home from his own farm. Let no one say that is not the situation. We are now saying that farmworkers are under the social-security system. We are now saying that the worker becomes the employee of the farm owner, or the renter, or the lessee, or the sharecropper, who merely operates the farm. That is where we start with the farmer. We start when he takes a domestic servant into his home to help his wife. We put a tax on her and a tax on him. If he pays that domestic servant anything at all—$50, we will say—he must pay the tax.

We are starting to help the farmer. If he owns his land or leases it or crops it under some sort of contract, we say, "You are a self-employed farmer. You must pay the tax on yourself and on every man who works on your farm who earns as much as $100 in a whole year. Such a man is your employee and you are his employer."

So we have the farmer in a situation in which he is self-employed. He is a self-employed beneficiary under the social-security system. He must pay his own tax and the tax on everyone who works with him, or deduct half of it. If there is a domestic servant in his home, he must pay that tax.

That is what we are doing to the farmer, Mr. President. Senators may say, "Oh, that does not amount to anything." Let us see, Mr. President. Let us look at the situation for a moment.

On the 1st day of January the farmer will incur a liability at the rate of 3 percent upon his income up to $4,200 a year, at the present time. Three percent on $4,200 a year is $126 a year. He will also incur a tax liability of 4 percent on all his workers, one-half of which he can deduct from the pay of his workers.

In the Southeast farmers will not be able to take any pay out of the wages of the workers. The farmer will pay it. But suppose he does take it out. He will incur a tax liability of 3 percent beginning January 1, next, and 2 percent on everyone who works for him and earns $100 in the course of the year. Think of that.

With respect to his domestic servant who was transferred to his own home, he also becomes liable for 2 percent, and for 4 percent if he does not take out half the tax on her.

That is on a wage base of $4,200 a year. We shall see the wage base go up and up. We started at $3,000, and we will bring it up to $5,000 or $6,000. We think we know better than anyone else in the Nation how to take care of the farmer.

If the good Lord should save this world from reformers long enough for us to get out of debt, it would be better.

At any rate, $4,200 will not remain the wage base. It may come to $6,000 in the lifetime of some men who are serving in this body. There will be great pressure at the very next opportunity to carry it up to something like $5,000, or even $6,000.

The tax on the self-employed farmer is 3 percent. In 1970 it will rise, under the terms of this bill—there is no speculation about that—to 5¼ percent. On $4,200, that percentage is $220.50 a year, which the farmer will pay for his social-security tax. This is not merely a fear of something that may not happen. It is written into the bill. By 1970 the farmer will be paying at the rate of 5¼ percent and by 1970 will be paying at the rate of 3¼ percent for his employees. His employees will be paying at the rate of 3¼ percent, or a total of 6½ percent. In many instances the farmer will pay it all or lose his labor, if there is any other place for the labor to go.

By 1975, under the terms of the bill—and it is written in the bond, Mr. President, by men who want to preserve the great free-enterprise system of this country and who have nightmares when they see creeping socialism creeping up on someone—in 1975, under the terms of the bill, the self-employed farmer, who is today being brought in surreptitiously by his heels, and without even being asked, will be paying, at even the present wage base of $4,200—it will not be that amount in that good year—but assuming it never rises above that amount, he will be paying, on a $4,200 wage base, 6 percent, or $252 a year. That is the insurance.

Then he will be paying also about 4 percent for every employee who works for him, and collecting the other 4 percent, or he will be liable to the Government for it.

That is what we are doing to the farmer. But we are doing it all in the name of his welfare. Like most tyrants in the history of mankind, we are crucifying people for their good in order to save them, and for their souls' welfare.

That is why I cannot support the bill. It has not even the resemblance of a social-security system. It has blossomed into the wildest imagery of those reformers who know best, who took 1, 2, or 3 substantial elements in our society, who would fight socialism, creeping or galloping, if that is any encouragement, and they are the ones who will fight them.

Thomas Jefferson knew that. Thomas Jefferson envisaged every independent small farmer as the moral balance wheel of the Republic; and the small farmer is a political balance wheel, if he is not reformed too much; if he is allowed to remain independent.

Of course, a farmer can be told, "You can pay $2, $3, or $4 a week or a month, and you will get a great many benefits

for yourself, your survivors, and so forth."

A farmer would be rather weak in the head if he did not say he liked that. But he does not see the whole picture. He will see it, and see it pretty soon.

My friend, the distinguished chairman of the committee, for whom I have great respect—I rarely differed with him in these important policy matters; I did not differ from him this time; he differed from me—said, "We are willing to take in all the farmers and all the professionals on a voluntary basis. If they want to come in, let them come. Yes, we voted for that. Then it was said uptown and all around the town that that would not do at all; that we could not allow anyone to have any say so about coming in. We must shove them in, put the tax on them, send a marshal out to collect it, and force them to pay it.

Then we took back what we had said, out of deference and out of respect to their sincerity, or at least their conviction about the matter, and we said we would exclude the farm operator. We said we would include farm labor, because that would be in harmony with the social-security scheme from the beginning.

The worker is not the master of his destiny. He does not create his job; he works for someone who wants to employ him. Then he is footloose and gone, traveling toward the poorhouse, undoubtedly, if someone does not help him, if he has not saved something.

So we said we would take labor, that we would take the worker, and include him; but we would not take the independent farmer. We would not take the man who has leased land in order to work it. We would not take those folks until they came around in sufficient number and told us they wanted to be included. I would not take them any way. If such a person came around, I would think there was something wrong with his head, if he said he understood what was offered. But I know he will not come when he understands it. It is night becoming day, and in the middle of the day one looks up and says he sees stars, and will do something. But it will not happen, or work out that way. Nature just is not that cruel. Only reformers and social dreamers are that cruel. They are the ones who get that way.

So we are putting a burden upon the American farmer at a time when his income is going down. I do not care how fast it is going down. I do not care whether a man is a prophet of doom, if he points out a simple fact. The farmer's income is going down. It has gone done 13, 14, or 15 percent in the last year. It is still on the way down under the farm bill which was passed the other day. Oh, yes; it will support prices on cotton at 90 percent of parity next year, not by virtue of the farm bill, but by virtue of the fact that the farm bill provides a set aside of enough cotton really to force the price up to about 90 percent of parity, about where it is now. That will not happen with reference to other staple crops, but it will work on cotton. I want to make that plain, just to show that I am not complaining about the entire farm bill. But under the farm bill, the inevitable consequence will be that as soon as the buyer, the speculator, the person who intends to control the crop ultimately, whether he be a fabricator or manufacturer, will ease the price right on down.

There will not be a marketing season next year when milk will be down to 75 percent of parity. It will be from now on that it will be at 75 percent, because that is the basis to which it can be sunk or depressed, and it will go there most certainly. The same will happen to wheat.

So at a time when farm prices are already sliding down, and are still sliding down, and when they will slide further down, it is proposed to say to the farmer, "You are in a bad way. We confess it. Perhaps we are partly responsible for the situation but now we must lift you out and make you take some insurance and pay for it. That will solve all your problems and will take care of yourself, your wife, and your children, and you will be happy."

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. REYNOLDS. When does a farmer retire to the extent of qualifying under the act; and if he does retire, who knows, including himself, when he does?

Mr. GEORGE. No one would know. A farmer never retires, I may say to the Senator from Nebraska, unless he should receive a fabulous price for his home or his farm, and sell them and move away to town. He does not retire; he remains on the farm. That is his business. He always thinks of the farm as his business.

This is exactly what will happen to him. At the age of 65 he can retire and draw a little social-security benefit.

But so long as he operates the farm and makes money, he will have to pay the same social-security tax—every penny of it. Under an amendment which I myself offered to the bill, and which the conferees graciously accepted, at the age of 72—10 years minus 3 from his early retirement age of 65—he will then be able to draw his social security. He will then be able to consider it, but he will still have to pay the tax on whatever income he makes from his firm. He will not be retiring. A farmer does not retire. He cannot retire. He does not want to retire. All my life I have rejoiced that he did not want to retire, and I never thought I would be one of those who would make him retire. I will not be one.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Nevada.

Mr. MALONE. The distinguished Senator from Georgia has given a very comprehensive outline of the whole problem. Of course, we all remember when the plan started. It did not start last year or this year. The junior Senator from Nevada was very much interested in the reference to the professional groups, in the proposed legislation. The Senator left out one of the very important professional groups, the engineers, The engineers were able to escape——

Mr. GEORGE. No; they were included in the proposal.

Mr. MALONE. They were able to escape with the other professional groups.

Mr. GEORGE. No.

Mr. MALONE. I was about to say to the distinguished Senator that if we continue this work on the Senate floor, financing the Stassens and others who go to foreign lands and develop the businesses of foreign countries, next year the engineers may want to come not only under social security, but perhaps under unemployment insurance, also.

Mr. GEORGE. What the Senator has said is correct, but the engineers are now included in the bill. The bill puts the engineers under the proposed law. They were not asked whether they desired to be covered by the bill. They were included in the bill, and they will be required to pay 3 percent for that heavenly privilege. Public accountants are also included in the bill, whether they want to come under its provisions or not. Architects and the funeral directors have been included. Those are the only professional groups that were covered. We took in the funeral directors so that they could administer the last rites to those who are being coaxed into social security under the guise that it will be a blessing for them. By the same logic, we ought to have included doctors.

Mr. MALONE. I had not realized that engineers were included in the bill, because I remember that in the committee professional groups were eliminated from the provisions of the bill, on the theory that social security is not necessary for them. An engineer is much like a farmer—he never quite retires. I have not heard the conference report read. Did the conferees undo all the work of the Senate Finance Committee?

Mr. GEORGE. Only to the extent of forcing into the system, on a compulsory basis, engineers, architects, certified accountants, funeral directors, and farmers. We did not take in lawyers or doctors. Of course, they had been left out by the House. We did not take in dentists, chiropractors, osteopaths, veterinarians, and some of the other professional groups; but we did include engineers.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. GEORGE. I yield.

Mr. MALONE. I should like to say to the distinguished Senator from Georgia, for whom I have the greatest respect, both because of the ability which he has displayed in committee and on the floor, and because of his long experience, that perhaps it is just as well that we have taken this step, because in 1 year, as a result of the $13 billion that Mr. Stassen will invest in businesses in foreign lands, perhaps engineers in this country will be retired, and perhaps we shall be asking for additional unemployment compensation. We were successful—and I believe with the distinguished Senator's help—in taking Mr. Stassen out of the mining business in foreign lands.

Mr. GEORGE. Yes.

Mr. MALONE. But it was a great chore. The junior Senator from Nevada

stood on the floor of the Senate and spoke for about 3 hours before we began to "fall into the slot." The situation looked bad. The system has been in effect 10 years, and every year it becomes tighter. I would normally agree with the distinguished Senator, but I believe finally we shall "take out of play" farmers, engineers, and other workingmen of America. We are to import goods on the theory that foreign exporters are entitled to sell their goods for lower prices, because they can manufacture the products at lower prices, because of the 15-cent-an-hour labor available to them. Finally, we shall not have to work at all; there will be enough social security and unemployment insurance so that everyone will be happy. It will not be necessary for us to work at all—and there are only 160 million of us.

Mr. GEORGE. The Senator from Nevada is at least partially right in what he is saying, but at this time I am not discussing anything except social security.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Nebraska.

Mr. REYNOLDS. I was impressed with the distinction which the able Senator drew between the farm owner and his employees, in that the employee—and it applies to all classes of workers on farms and in industry alike—has no choice in the matter when he becomes a certain age. His boss will say, "I am sorry. You are too old to work." A distinction can be drawn between such a worker and his employer, who writes his own ticket as to whether he should retire or not. It strikes me that that is the only line of demarcation which can be drawn, and the only stopping place. Does the Senator know of any other place to stop if we are not to take in every man, woman, and child who is employed in industry or in any other occupation? We can draw the line between the employee and the self-employed person, but I know of no other place to draw the line. Does the Senator agree?

Mr. GEORGE. That is the only line, and that is a logical line. That was the line drawn by Senators who voted for the bill. I do not know what study was made by the officials who were responsible for sending the proposal to Congress, but I know we drew such a line in the committee. We were willing to apply it to the farmworkers themselves, but we had no way of knowing how to administer the law without creating a tremendous burden for a farm owner or operator. That problem prevented us from reaching an agreement so far as including farmworkers was concerned. Now we have solved the problem by taking them all in. As I said before, we have gone all the way around the circle to a universal compulsory insurance system—not an insurance system built on sound lines actuarially, but a sort of insurance system which will have to be adjusted from time to time, and the costs of which will go up from time to time. I have pointed out what the cost will be. I have pointed out what the costs would be under the bill by 1970 and by 1975. That is not a long time in the future for a young fellow who is now 30 years old, who is working on his farm and improving his house, and trying to put it in such shape as to make it a comfortable place in which to live. That is not a very long time. He will reach it before he knows it.

There is no such thing as retirement for a professional man who is really a professional man. There are broken down people in all professions and in all callings who need some assistance, but that assistance is of a different kind. They ought not to be shoved under a so-called social-security system. They should be cared for in another way.

There is no such thing as retirement for a farmer. He does not ever leave his farm. If he does, he may go to town for a while; but he will return to the farm if he had an opportunity to do so.

There is no such thing as retirement for Christian Science practitioners—to use an illustration. They work right on to the end. They probably become more and more efficient and more and more helpful to the persons with whom they come in contact and whom they visit.

So, Mr. President, it is a matter of real sorrow to me that, having been with the social-security work from the beginning, and having gone along with the bills and with every improvement we have made in the social-security law, in these latter years all due regard for a true perspective has been lost, and one party has tried to outbid the other party, by saying, "We want to extend social security," which is all right, so long as it is extended in the field of workers who do not make their own jobs, but who reach a point where they are taken out of employment, not at their own will or wish, but at the will or wish of someone else, someone who controls their jobs.

But now we have come full circle to a completely compulsory insurance system. I cannot support it, Mr. President. I cannot support it in the case of farm owners or in the case of professional men who do not have actual retirement points in their lives, so long as they are self-employed.

Mr. President, I yield the floor.

Mr. MILLIKIN. Mr. President, I should like to state to the Senators the reasons for making any change at all in the bill as it was passed by the Senate, and the reasons for the changes made in the House version of the bill.

Of course, there were two sets of conferees, one representing the House and one representing the Senate. Those groups were not composed of cream puffs. The conferees were tough-minded men; and conferences were nothing new to them. They tried to reach adjustments. But after several days of that procedure we reached a stalemate, and it looked as if the whole thing would fail. That situation presented the question, "Shall we allow this social-security bill to fail?" If that were to happen it would mean that the benefits of some persons would be $6 or $7 less, and it would mean 9 million or 10 million persons would not be covered.

Some of us said, "The bill must not be allowed to die in conference." So some adjustment had to be made in the viewpoints of the conferees.

Consider the case of the farmer. If the bill were allowed to die in conference, the farmer himself might not suffer direct loss; the loss would occur, I am sorry to say, in the case of dependent children and the widow when the farmer dies. In the case of a farmer who had been paying the maximum tax, when he dies, his wife and children will receive monthly benefits of $200. Many a farmer will say to himself, "When I die, and can no longer take care of my wife and children, this bill will mean a great deal to them, because then my wife and children will get $200 a month." That, I respectfully suggest, is a very generous provision, if we view it from an insurance standpoint.

I myself preferred—and I so expressed myself in the committee, and for several days I so expressed myself in the conference committee—not to include any group which did not thoroughly convinced us that it wanted in. I was not completely satisfied with the showings that the farmer wanted in. I and other members of the committee wanted a sharper polling of the farmers' desires.

Of course, under this plan the farmer will not pay one penny of self-employment tax until 1956. So if the farmer does want the plan, there will be plenty of opportunity for him to express himself—and he will—whether favorably or unfavorably. If the farmer does not want it and I repeat the assurance by persons who have been talking to the farmers that they are very much interested in setting up something for their dependents and their children—but if the farmers are not interested in such a plan, they will have ample time in which to say so. And I believe the Congress will be responsive to their views. I am not condemning anyone who is not interested in this particular plan to take care of dependent children and widows.

But I say that I believe representations have been made that farmers who might not ordinarily care about such a plan for themselves, do have fears about the future of their children and their wives, after the farmers themselves, have passed on. So I suggest that is a matter of real and valid concern on the part of the Senate.

Mr. THYE. Mr. President, will the Senator from Colorado yield for a question?

Mr. MILLIKIN. I yield.

Mr. THYE. I should like to ask this question: Not all farmers become farm owners, do they?

Mr. MILLIKIN. That is correct.

Mr. THYE. Do not a great many farmers retire from farm work as tenants?

Mr. MILLIKIN. Yes.

Mr. THYE. In the later years of their lives, great numbers of tenant farmers have to go to town, and work on the streets and do various little jobs of that sort, because they have not acquired farms to live on and to live from; is not that correct?

Mr. MILLIKIN. I think the Senator from Minnesota is entirely correct.

We proceed on the assumption that everyone is either poverty stricken or a plutocrat. I suggest that in the United States there are many persons who are neither, and who—when they become elderly—do not have enough to keep things going for them. That applies to farmers, and it applies especially to farm hands. I say it should be our concern, so long as we have a social security system, to make fair provision for them; and I think this measure will do so.

So we sat there in the conference. I do not believe anyone would say I was not faithful to the Senate committee's version. I do not believe anyone would say I was not faithful to the version voted by the Senate itself. But I and the rest of us were finally forced to consider the question, "Do we wish to exclude 7 million persons from the benefits offered by the Senate bill? Do we wish to make impossible all the benefits of the bill which we agree are good? Do we wish to ditch the whole thing? Do we wish to throw it into the wastebasket?"

Frankly, I thought it would be terrible for us to throw it into the wastebasket or ditch it. I thought that to do so would be to show a sense of irresponsibility and a sense of unwillingness to face our duty and to bring from the conference a measure which would be worthwhile, even though obviously we would be unable to please all the Members of the conference committee.

So we did the best we could, and I think I have explained to the Senate that we have obtained a great many very good concessions.

But, Mr. President, I return to the fundamental consideration. We are talking about social security and the problems of age. When men—either men on the farm or men who do other work—reach a certain age, they become less efficient in certain types of work and there is less security.

We have established some measure of security for the farmer and the farmhand at a very cheap cost. They are both protected under the bill. They are not protected as fully as many people would like to see them protected, but considering the financial situation of the country, it is as much protection as seems to be possible at the present time. Studies will be made as to what can be done in addition.

We should not take a cynical attitude and say "Don't worry about these people. They want to be free. They want to be independent. Therefore, let us wash our hands of them; let them be free and independent to get into the poorhouse, let them be free and independent to be destitute in their old age, let them be free and independent and unable to provide for their children and widows—let us not concern ourselves with those problems, for they are not our problems, and we want people to be free."

There have been some political implications in some of the comments. My party did not originate this system. I do not say that in a mean way.

There has been much talk here about breaking the barrier between the worker who was covered from the beginning and the self-employed. Let us consider that barrier. Why was it broken? It was broken because of insistent demands that came to the Congress. They came to the House Ways and Means Committee, to members of both parties; they came to Members of both parties in the Senate; and to the committees of both parties. Those people said, "We want coverage."

Put in ordinary language, the farmer who shells out his money to put the farmworker under this program says "Why can I not get under a system so that I can take care of my wife when the time comes to do so, and take care of my children when the time comes to do so."

I do not think we are going too far afield when we think of things like that.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I think the farmers will approve of what we are doing. If the farmer does not approve there will be plenty of time for him to say so, and plenty of time to change what is being done.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. THYE. I have a question I should like to ask. Quite a number of farmers who have written me have raised a question with me. They say, "We pay the hidden tax on all the machines, on the feed we purchase, and the equipment we must use, and on all the farm equipment and supplies, be it fertilizer, seed, or whatnot. We are paying the hidden tax to pay for social security for all the workers who handle the products and who handle the machines; and when we reach the age where we must retire, when we no longer can till the land, we must leave the land to a renter or somebody else. We have nothing to support us when we must retire."

Therefore, they said, "Can you not in some manner include us under the social-security coverage?"

That is the kind of letter I have received. I did not insist that the committee take this proposed action, nor did I offer an amendment on the matter, because I trusted the good judgment of the committee members who were conducting hearings and studying this subject. I was sure they would propose a legislative bill which would cover the self-employed, if the facts justified it, and which would cover the farmer, if the facts justified it.

Therefore, let me say that the Senator from Colorado and his committee members were faced with one of the most difficult problems to come before the Senate. The work which has been done has made possible a future coverage in the year 1956, allowing ample time for the farmer to determine whether or not he will then elect to come under this law, or whether a sufficient number will say, "We do not want such social-security protection, and therefore the act shall not become applicable to us as of the year 1956."

Mr. MILLIKIN. I thank the Senator.

I was speaking about breaking the barrier. When did we first depart from the theory of covering the worker only, and move into the theory of coverage of the self-employed, Did that happen the first time in this bill? One might think so, from what has been said here.

When did that happen? How did it happen? Why did it happen? The barrier has been broken for some time.

In 1950 the sponsor of the bill which was then before us was the Senator from Georgia [Mr. GEORGE]. I say this most respectfully. I say it in no mean sense, because I have the great honor to work with the Senator. I love him, esteem him, respect him; and my actions support that statement.

The bill with regard to this matter in 1950 was sponsored by the Senator from Georgia [Mr. GEORGE], and broke the barrier, when the independent self-employed workers were granted social-security coverage except for some of the professional groups. That was done in 1950, for self-employed individuals, for the grocery man and others operating their own business establishments. We were sensitive to their problems, and they beseeched us to help them. We included them, under the sponsorship of the Senator from Georgia [Mr. GEORGE]. We gave them this coverage, except for farmers and certain self-employed people. We brought those people under the act in 1950.

That was done under the brilliant sponsorship of the Senator from Georgia [Mr. GEORGE]. I am glad to say I helped do it. I am not evading my responsibility, but I do not wish to have the impression created that we here are breaking down the basic theory of the social-security system and that we here are adding burdens. There must be some burdens if we are to accomplish good. We cannot complain about all taxes. If we want to accomplish good, we must have some burdens.

It may be claimed that we are adding a host of new burdens which were never dreamed of before, and which now beset us. That is not correct. But I could not come back and face my colleagues on this Senate floor and not allow the Senate, in the few hours left, to consider this question. I could not allow the bill to be killed in a conference committee and come back and say, "I am sorry, gentlemen; we are going to punish the 6½ million people now on the benefit rolls and the millions proposed to be covered by the bill because a group of Members of the House and a group of Members of the Senate did not have"—I want to put it kindly—"what was necessary to come back here with an agreement."

We came back with an agreement. Every one of us, I am sure, would have brought back a different agreement had his own viewpoint prevailed completely, but that cannot happen in a conference. The purpose of a real conference is to iron out real disputes. We did that.

We brought back a bill which brings no shame to the Senate conferees.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. YOUNG. What happens in the case of a farmer who for a long period of time has an income which is so low he is not able to make his payment?

Mr. MILLIKIN. There is a 5-year drop-out, for periods taken out of the whole record, allowing him a chance to build up an average income on the good years.

Mr. YOUNG. Can he voluntarily drop out if his income is sufficient?

Mr. MILLIKIN. No. If his income is sufficient to pay he must pay, and cannot voluntarily drop out. If that were possible there would not be any system.

Mr. YOUNG. How does the Government collect this tax?

Mr. MILLIKIN. Just as it collects any other tax. It is collected by the Bureau of Internal Revenue.

Mr. YOUNG. If he sells any grain would the Government be able to levy on that grain?

Mr. MILLIKIN. The tax will apply to his net income.

Mr. YOUNG. During most of the 25 or more years that I farmed, I found there were not more than 5 or 6 years that I had a net income. What would happen in that case?

Mr. MILLIKIN. If he does not have any income, he cannot build up credit, and there is no tax. There are minimums that have to be built up for the worker, for the farmer, for the self-employed. If he does not work certain periods of time under certain circumstances and does not make enough money, he is just not in it.

Consider the self-employed that were taken in in 1950, remember. Prior to 1950, we gave a lot of consideration to whether we should bring the self-employed in. One of the things that bothered us is, is it feasible administratively. We had all kinds of ideas about the stamp plan and other methods to collect taxes, but the self-employment tax has worked, and it will work here, I am quite confident.

I yield to the Senator from Mississippi.

Mr. STENNIS. I want the floor in my own right when the Senator has concluded.

Mr. MILLIKIN. I think I shall suspend for the time being.

Mr. STENNIS. Mr. President, I have the honor to represent a State which I understand receives the highest percent of its income from agriculture of any State in the Union. That situation may vary somewhat from year to year, but generally it has the highest percent. Most of the people who live on the land are small landowners and small farmers. I speak here tonight for what I think is in their interest.

I do not believe any individual comes as near representing the citizenship that is described in the Constitution as does the small farmer. I do not believe any economic unit within all our economy represents free enterprise any better than the small farmer who lives on the land and whose chief income comes from what he grows on the land. He personifies the citizenship described in the Constitution. He personifies the very heart and soul of the free enterprise system. The man who lives on the land and makes his living there symbolizes man at as high a spiritual level as will be found in our Nation.

I wish to raise this question: Who in that category has asked to come under this program? I give Senators my word that not a single farmer in my State has ever asked me by letter to come under it, and none has asked me in person. They do not think in such terms.

The argument is made that, in order to keep the bill from failing, we must put them in anyway, and if they want to come out, we will consider, before 1956, taking them out.

To my mind that suggests the instability and lack of real foundation of the idea of including this group in a social-security program which was designed originally and primarily for industrial workers, the most logical reason for which was based on a program for workers who are absolutely dependent upon someone else for their livelihood. As the Senator from Nebraska suggested, this is the last step. There are no stopping places beyond the individual farmer.

It has been said that the Republican Party did not originate this program, but who can stand up on the other side of the aisle after voting for this provision and say anything again about the New Deal? Who can criticize the New Deal any more, after voting for this extreme measure? Who is willing to rise and take back some things that have been said about it, if this measure is to be sponsored tonight by the group on the other side of the aisle? I do not raise the party line in this connection. I do not think that is the basis of the argument, but something has been said along that line.

I have been advising the young people in my State to buy land with the first money they could save, and I advise other people not to sell their land, because it represents an economic unit which is the basis upon which one can retain his self-respect and can have some kind of living, a place to which he can go, a place from which no one can evict him. This bill would help to put the small landowner off his land. I shall enumerate briefly some of the things it would do.

Suppose a farmer has about 200 acres of land. It is not rich, fertile land. Some of it is in timber, not valuable timber, but growing pine or trees of some kind. That leaves 75 acres, say, for pasture and cultivation.

Suppose he is operating on a very small scale and has only one tenant. Nevertheless, he must pay $40 if that tenant is taxable on only $1,000 worth of produce, because the landowner must pay his 2 percent, and he must pay the tenant's 2 percent. In the realm of reality things would work that way. He would have to pay 3 percent on the amount for which he was assessable; and if his cattle, his crops, and his other produce brought in $4,200, the tax would be $146.

Suppose he had only one sharecropper, on a very small unit, and that sharecropper were taxed on only $1,000 worth of income. That would be $40. Suppose he spent $1,500 for a farm worker. The tax would be $60.

Suppose he had a domestic servant in the course of the year. The tax would be $32. That totals $298 cash.

Small farmers do not take in a great deal of cash. They grow much of what they use and consume, but when it comes to having cash dollars and cash profit it does not come in very fast on small units. That is $298 cash liability which he must make in the way of profit to pay this tax alone. Many small farm units do not make that much clear profit in the course of an entire year. I am talking about clear cash profit. That is the only thing with which the farmer can pay this tax.

I verily believe that we are going to drive him away from the land because he cannot carry this added burden. As I said, I have been advising young people to buy some land as soon as they can, and advising other people not to sell their land. I believe land in Mississippi is selling for less, based on its productive value, than in any other place in the Nation. I have been telling them that.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield to the Senator.

Mr. SYMINGTON. I ask the distinguished Senator from Mississippi if the overall policy of the administration now is not apparently to drive the farmer off the land?

Mr. STENNIS. I certainly think that will be the trend of this tax. I appreciate the Senator's question.

Mr. SYMINGTON. Will the Senator further yield?

Mr. STENNIS. I am glad to yield to the Senator.

Mr. SYMINGTON. Did not a high official of the Department of Agriculture say last year that all marginal farmland should be turned into grass or lie fallow?

Mr. STENNIS. I think I saw some statement along that line. I am not certain who made the statement. I thank the Senator for his observation.

Mr. President, this is a serious matter. We seek to justify this provision on the ground that we must pass it to keep from punishing someone else. I am surprised and amazed at such an argument being made. This bill carries the germ to destroy the small farm unit in many areas of this country, based upon what the tax will add to the burden the small farmer already has to carry.

We should remember that there is no substitute for paying cash, hard money. Someone said a while ago, while the distinguished Senator from Georgia [Mr. GEORGE] was making his masterly address—and his addresses are always masterly, and particularly so tonight—that his argument represented the last of an era. If that be true, Mr. President, I wish to say it was a glorious era. It was based on individual effort, free enterprise.

Farmers lived on their own land and feared God, but feared no man. They

were not looking to the Government to keep them out of the poorhouse. I live in a part of the country which is almost entirely rural. There is not much rich land there. I remember when we had a poorhouse, but there were never more than 4 or 5 persons in it.

That is not the proper approach to this problem. Farmers represent the heart and soul of this Nation. A man who is trying to get a start on his farm will have to pay these taxes, which will increase over the years, and he will be responsible for paying them. This part of the bill should never have been included in it. The conference report should be rejected until that portion is stricken out.

I do not care to detain the Senate longer, Mr. President, and I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. MONRONEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

ADDITIONAL EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

ADJOURNMENT OF THE TWO HOUSES OF CONGRESS

Mr. KNOWLAND. Mr. President, I call up House Concurrent Resolution 266, dealing with the adjournment of the Congress, and ask that it be read.

The PRESIDING OFFICER. The clerk will read the concurrent resolution.

The Chief Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That the 2 Houses of Congress shall adjourn on Saturday, July 31, 1954, and that when they adjourn on said day they stand adjourned sine die.

The PRESIDING OFFICER. Is there objection to the consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the resolution (H. Con. Res. 266).

Mr. KNOWLAND. Mr. President, I offer an amendment in the nature of a substitute, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from California [Mr. KNOWLAND].

The CHIEF CLERK. It is proposed to strike out all after the resolving clause and insert:

That the House of Representatives shall adjourn on August 20, 1954, and that when it adjourns on said day, it stand adjourned sine die.

Resolved further, That the consent of the House of Representatives is hereby given to an adjournment sine die of the Senate at any time prior to December 25, 1954, when the Senate shall so determine; and that the Senate, in the meantime, may adjourn or recess for such periods in excess of 3 days as it may determine.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from California [Mr. KNOWLAND].

Mr. KNOWLAND. Mr. President, I ask unanimous consent to make a brief explanation of what the amendment will do. Normally, the amendment would not be debatable.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none, and the Senator may proceed.

Mr. KNOWLAND. Mr. President, what the amendment which I have offered, after consultation with the minority leader, would do would be to give the consent of the Senate, which is required under the Constitution, for adjournments of more than 3 days, that the House may adjourn sine die as of this date. The House, in turn, if it agrees to the resolution, would give its permission to the Senate of the United States to adjourn or to recess from time to time as the Senate itself may determine. That is the basis of the amendment to the resolution. When it goes back to the House, the House will either accept it, amend it, or take whatever action in their judgment they should take with reference to it. If it is accepted at any time during today, at such time as the House may determine it should adjourn sine die, the Senate would still remain to meet as long as it determines to remain in session.

That is the general meaning and intent of the amendment.

Mr. THYE. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. THYE. We could adjourn subject to the call of the Vice President, could we not?

Mr. KNOWLAND. By order of the Senate, or by Senate resolution. When we finally determine to wind up our business we could determine to adjourn to a day certain or to adjourn subject to call by the leadership on both sides of the aisle. That would be a question for the Senate to determine.

Mr. RUSSELL. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. RUSSELL. Is that a debatable issue? I am speaking of the modus operandi of bringing the Senate back into session.

Mr. KNOWLAND. I will say to the distinguished Senator from Georgia that I have discussed it with the minority leader and with the Parliamentarian. The Parliamentarian tells me that if this resolution is agreed to, the Senate itself can determine by order or by resolution the precise way it wishes to be called back into session.

Mr. RUSSELL. Since it is connected with a sine die adjournment resolution, is it debatable? That is what concerns me.

Mr. KNOWLAND. Of course, normally, I assume that neither a sine die adjournment resolution nor, for that matter, a motion to recess, is debatable. But so far as I am concerned, I would not propose to send an order or a resolution to the desk without prior consultation with the minority leader.

Mr. MAYBANK. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. MAYBANK. When the Senate meets again it can bring up whatever it may wish, provided no action on the part of the House is needed. Is that correct?

Mr. KNOWLAND. So far as the power of the Senate is concerned, that is correct.

Mr. MILLIKIN. I simply wish to clinch on the question I asked before. Will the action the Senate takes inhibit anything being done by the Senate on which the Senate may decide to take action?

Mr. KNOWLAND. Nothing, so far as the Senate is concerned, is inhibited. Once the House has acted upon its resolution to adjourn sine die, and is no longer in session, Congress as Congress, cannot function. But the Senate can take any action which the Senate alone may take.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute for the resolution.

The amendment was agreed to.

The resolution, as amended, was agreed to.

AUTHORIZATION OF THE SPEAKER OF THE HOUSE AND PRESIDENT OF THE SENATE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS PASSED BY THE TWO HOUSES

Mr. KNOWLAND. Mr. President, I submit a concurrent resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the concurrent resolution.

The Chief Clerk read the resolution (S. Con. Res. 109), as follows:

Resolved by the Senate (the House of Representatives concurring), That, notwithstanding the sine die adjournment of the House of Representatives and the temporary adjournment of the Senate, the Speaker of the House of Representatives and the President of the Senate be, and they are hereby, authorized to sign enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

Public Law 761 - 83d Congress
Chapter 1206 - 2d Session
H. R. 9366

AN ACT

All 68 Stat. 1052.

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1954". Social Security Amendments of 1954.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

Extension of Coverage

Domestic service, service not in course of employer's business, and agricultural labor

Sec. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows: 64 Stat. 493. 42 USC 409.

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);".

(2) Section 209 (g) of such Act is amended by adding at the end thereof the following new paragraph: 42 USC 410.

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in section 210 (f) (5);".

(3) Section 209 (h) of such Act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than $100;".

(4) Section 210 (a) (1) of such Act is amended to read as follows:

"(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended; 46 Stat. 1550. 12 USC 1141j(g).

"(B) Service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;". 65 Stat. 119. 7 USC 1461-1468.

(5) Section 210 (a) of such Act is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained

in such Act, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

42 USC 418. (6) The second sentence of section 218 (c) (5) of such Act is amended by inserting before the period at the end thereof "and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h)".

Ante, p. 1052.

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

Supra.

CERTAIN FEDERAL EMPLOYEES

(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—

Supra.

(A) by inserting "by an individual" after "Service performed", and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

61 Stat. 727.

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;".

46 Stat. 468.
5 USC 691 note.

(3) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality." 42 USC 405.

MINISTERS AND CHRISTIAN SCIENCE PRACTITIONERS

(d) (1) Paragraph (2) of subsection (c) of section 211 of the Social Security Act is amended by inserting "and other than service described in paragraph (4) of this subsection" after "eighteen". 42 USC 411.

(2) Such subsection is further amended by adding at the end thereof the following new sentences: "The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under section 1402 (e) of the Internal Revenue Code of 1954 is in effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under section 1402 (e) of the Internal Revenue Code of 1954 is in effect." Post, p. 1088. Post, p. 1055.

(3) Section 211 (a) of the Social Security Act is amended— Post, p. 1055.

(A) by striking out the period at the end of paragraph (6) (as renumbered by subsection (g) (1) of this section) and inserting in lieu thereof a semicolon, and

(B) by inserting after such paragraph (6) thereof a new paragraph as follows:

"(7) An individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e))

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States) of the Internal Revenue Code of 1954." 42 USC 410. 68A Stat. 289, 291.

FISHING AND RELATED SERVICE

(e) Section 210 (a) of the Social Security Act is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such Act, as paragraphs (14) and (15), respectively. 42 USC 410.

HOMEWORKERS

(f) Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed". 42 USC 410.

FARMERS AND PROFESSIONAL SELF-EMPLOYED

42 USC 411. (g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such Act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

42 USC 410.

(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".

(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,".

Post, p. 1061.

(4) Section 211 (c) (5) of such Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership."

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

42 USC 418. (h) (1) (A) Section 218 (d) of such Act is amended by striking out "Exclusion of" in the heading, by inserting "(1)" after "(d)", and by adding at the end thereof the following sentence: "The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system."

Post, p. 1057.

(B) Such section 218 (d) is amended by striking out "on the date such agreement is made applicable to such coverage group" and insert-

ing in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A))". Post, p. 1057.

(2) Such section 218 (d) is further amended by adding at the end thereof the following new paragraphs: 42 USC 418.

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

Applicability of agreement with State.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)), if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

"(C) Not less than ninety days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

"(E) A majority of the eligible employees voted in favor of including service in such positions under an agreement under this section.

"Eligible employee."

An employee shall be deemed an 'eligible employee' for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an 'eligible employee' if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after the last previous referendum held with respect to such retirement system.

Separate coverage group.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

"(B) all employees in positions which became covered by such system at any time after such date; and

"(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

Infra.

Policemen and firemen.

Ante, p. 1056.

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

"(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

Infra; ante, p. 1053.

Infra.

"(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned. If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall, if the State so desires, be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term 'institutions of higher learning' includes junior colleges and teachers' colleges."

"Institutions of higher learning."

(3) Paragraph (3) of section 218 (c) is amended to read as follows:

Exclusions.

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following:

"(A) Any service of an emergency nature;

"(B) All services in any class or classes of (i) elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis;

"(C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services

in such positions have not already been included under such agreement pursuant to subsection (d) (3)." Ante, p. 1056.

(4) Paragraph (4) of such section 218 (c) is amended by adding at the end thereof the following new sentence: "A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3)." 42 USC 418. Ante, p. 1057. Ante, p. 1056.

(5) Such section 218 (c) is further amended by adding at the end thereof the following new paragraph:

"(7) No agreement may be made applicable (either in the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State." Ante, p. 1057. Ante, p. 1056.

(6) Section 218 (f) of such Act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

(7) Section 218 (m) (1) of such Act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)".

(8) Section 218 of such Act is further amended by adding at the end thereof the following new subsection:

"Certain Positions No Longer Covered By Retirement Systems

"(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of this Ante, p. 1056. Supra.

subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services."

Effective date. (9) The amendments made by this subsection, other than paragraph (1) (B), shall take effect January 1, 1955.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS AND CERTAIN STATE INSPECTORS

(i) (1) Effective as of January 1, 1951, paragraph (5) of section 218 (b) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Civilian employees of National Guard units of a State who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph), shall be deemed to be a separate coverage group."

42 USC 418.

39 Stat. 205.

(2) Effective January 1, 1955, such paragraph is further amended by adding after the sentence added by paragraph (1) of this subsection the following new sentence: "For purposes of this section, individuals employed pursuant to an agreement, entered into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624) or section 14 of the Perishable Agricultural Commodities Act, 1930 (7 U. S. C. 499n), between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products may be deemed, at the option of the State, to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

60 Stat. 1090.

46 Stat. 537.

(3) In the case of any coverage group to which the amendment made by paragraph (1) is applicable, any agreement or modification of an agreement agreed to prior to January 1, 1956, may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to services performed by employees as members of such coverage group after any effective date specified therein, but in no case may such effective date be earlier than December 31, 1950.

Ante, p. 1058.

CERTAIN EMPLOYEES OF THE STATE OF UTAH

(j) Effective as of January 1, 1951, section 218 of the Social Security Act is amended by adding after subsection (n) (added by subsection (h) (8) of this section) the following new subsection:

42 USC 418.

Ante, p. 1058.

"Certain Employees of the State of Utah

"(o) Notwithstanding the provisions of subsection (d), the agreement with the State of Utah entered into pursuant to this section may be modified pursuant to subsection (c) (4) so as to apply to services performed for any of the following, the employees performing services for each of which shall constitute a separate coverage group: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Training School, State Board of Education, and Utah School Employees Retirement Board. Any modification agreed to prior to January 1, 1955, may be made effective with respect to services performed by employees as members of any of such coverage groups after an effective date specified therein, except that in no case may any such date be earlier than December 31, 1950."

Ante, pp. 1055, 1056.

Ante, p. 1058.

ARIZONA TEACHERS' RETIREMENT SYSTEM

(k) If, prior to January 1, 1956, the agreement with the State of Arizona entered into pursuant to section 218 of the Social Security Act is modified pursuant to subsection (d) (3) of such section so as to apply to service performed by employees in positions covered by the Arizona Teachers' Retirement System the modification may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to service performed in such positions after an effective date specified in the modification, but in no case may such effective date be earlier than December 31, 1950. For the purposes of any such modification, all employees in positions covered by the Arizona Teachers' Retirement System shall be deemed, notwithstanding the provisions of section 218 (d) (6) of such Act, to constitute a separate coverage group.

Ante, p. 1056.
Ante, p. 1058.
Ante, p. 1057.

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

(l) (1) In the case of any services performed prior to 1955 to which an agreement under section 218 of the Social Security Act was made applicable, deductions which—

(A) were not imposed under section 203 of such Act with respect to such services performed prior to the date the agreement was agreed to or, if the original agreement was not applicable to such services, performed prior to the date the modification making such agreement applicable to such services was agreed to, and

(B) would have been imposed under such section 203 had such agreement, or modification, as the case may be, been agreed to on the date it became effective,

shall be deemed to have been imposed, but only for purposes of section 215 (f) (2) (A) or section 215 (f) (4) (A) of such Act as in effect prior to the enactment of this Act. An individual with respect to whose services the preceding sentence is applicable, or in the case of his death, his survivors entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income, shall be entitled to a recomputation of his primary insurance amount under such section 215 (f) (2) (A) or section 215 (f) (4) (A), as the case may be, if the conditions specified therein are met and if, with respect to a recomputation under such section 215 (f) (2) (A), such individual files the application referred to in such section after August 1954 and prior to January 1956 or, with respect to a recomputation under such section 215 (f) (4) (A), such individual died prior to January 1956 and any of such survivors entitled to monthly benefits files an application, in addition to the application filed for such monthly benefits, for a recomputation under such section 215 (f) (4) (A).

42 USC 418; ante, pp. 1053, 1055-1059. Post, pp. 1070, 1073-1078. 42 USC 403.
Post, pp. 1066, 1068.
42 USC 402.
Post, pp. 1073, 1079, 1083, 1085.

(2) For purposes of a recomputation made by reason of paragraph (1) of this subsection, the primary insurance amount of the individual who performed the services referred to in such paragraph shall be computed under subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act (but, for such purposes, without application of subsection (d) (4) of such section, as in effect prior to the enactment of this Act or as amended by this Act) and as though he became entitled to old-age insurance benefits in whichever of the following months yields the highest primary insurance amount:

(A) the month following the last month for which deductions are deemed, pursuant to paragraph (1) of this subsection, to have been made; or

Post, p. 1062.
Post, p. 1065.

(B) the first month after the month determined under subparagraph (A) (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under section 203 (b) of such Act; or

42 USC 202, post, pp. 1073, 1078.

(C) the first month after the last month (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were subject to deductions under section 203 (b) of such Act; or

(D) the month in which such individual filed his application for recomputation referred to in paragraph (1) of this subsection or, if he died without filing such application and prior to January 1, 1956, the month in which he died, and in any such case (but, if the individual is deceased, only if death occurred after August 1954) the amendments made by subsections (b) (1), (e) (1) and (e) (3) (B) of section 102 of this Act shall be applicable.

Post, pp. 1062, 1065, 1067.

Such recomputation shall be effective for and after the month in which the application required by paragraph (1) of this subsection is filed. The provisions of this subsection shall not be applicable in the case of any individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act on the basis of an application filed prior to September 1954.

Post, p. 1066.

42 USC 415.

(3) If any recomputation under section 215 (f) of the Social Security Act is made by reason of deductions deemed pursuant to paragraph (1) of this subsection to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of the benefits based on such wages and self-employment income for months for which such deductions are so deemed to have been imposed shall be recovered by making, in addition to any other deductions under section 203 of such Act, deductions from any increase in benefits, based on such wages and self-employment income, resulting from such recomputation.

Post, p. 1066, et seq.

42 USC 203; post, pp. 1070, 1073-1078.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

42 USC 410.

(m) Clause (B) of so much of section 210 (a) of the Social Security Act as precedes paragraph (1) thereof is amended to read as follows: "(B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 3121 (l) of the Internal Revenue Code of 1954) of a domestic corporation (as determined in accordance with section 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement, entered into pursuant to section 3121 (l) of the Internal Revenue Code of 1954, with respect to such subsidiary;"

Post, p. 1094.

68A Stat. 911.

EFFECTIVE DATES

Ante, p. 1055.

(n) The amendment made by paragraph (3) of subsection (g) shall be applicable only with respect to taxable years beginning after 1950. The amendments made by paragraphs (1), (2), and (4) of such subsection and by subsection (d) shall, except for purposes of section 203 of the Social Security Act, be applicable only with respect to

Ante, p. 1054.

42 USC 203; post, pp. 1070, 1073-1078.

taxable years ending after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4), (5), and (6) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. The amendment made by paragraph (3) of subsection (c) shall become effective January 1, 1955. The other amendments made by this section (other than the amendments made by subsections (h), (i), (j) and (m) shall be applicable only with respect to services performed after 1954. For purposes of section 203 of the Social Security Act, the amendments made by paragraphs (1), (2), and (4) of subsection (g) and by subsection (d) shall be effective with respect to net earnings from self-employment derived after 1954. The amount of net earnings from self-employment derived during any taxable year ending in, and not with the close of, 1955 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, net earnings from self-employment so credited to calendar quarters in 1955 shall be deemed to have been derived after 1954.

Ante, p. 1052.

Ante, p. 1054.

Increase in Benefit Amounts

Sec. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

42 USC 415.

"Primary Insurance Amount

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after August 1954, or who dies after such month and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

42 USC 402.

"(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

"(B) The amount determined under subsection (c).

Post, p. 1063.

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

Post, p. 1063.

(b) (1) Paragraphs (1), (2), and (3) of subsection (b) of such section are amended to read as follows:

"(1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the

Average monthly wage.

number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, except that when the number of such elapsed months thus computed (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen.

Infra.

Starting date.

"(2) An individual's 'starting date' shall be—

"(A) December 31, 1950, or

"(B) if later, the last day of the year in which he attains the age of twenty-one,

whichever results in the higher primary insurance amount.

Closing date.

"(3) An individual's 'closing date' shall be whichever of the following results in the higher primary insurance amount:

"(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

"(B) the first day of the first year in which he both was fully insured and had attained retirement age;

except that if the Secretary determines, on the basis of the evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher primary insurance amount for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A)."

(2) Paragraph (4) of such subsection (b) is amended to read as follows:

"(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average monthly wage. The maximum number of calendar years determined under the first sentence of this paragraph shall be five instead of four in the case of any individual who has not less than twenty quarters of coverage."

(c) Subsection (c) of such section is amended to read as follows:

"Determinations Made by Use of the Conversion Table

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of

Ante, p. 1062.

Post, p. 1065.

section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount. 42 USC 403. Post, pp. 1070, 1073-1078.

"I If the primary insurance benefit (as determined under subsection (d)) is—	II Or the primary insurance amount (as determined under subsection (d)) is—	III The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$30.00	$55.00
$11	27.00	32.00	58.00
$12	29.00	34.00	62.00
$13	31.00	36.00	65.00
$14	33.00	38.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
[illegible]	52.40	57.40	104.00
[illegible]	54.40	59.40	108.00
[illegible]	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.40	130.00
$30	60.80	66.30	139.00
$31	62.00	67.90	147.00
$32	63.30	69.50	155.00
$33	64.40	71.10	163.00
$34	65.50	72.50	170.00
$35	66.60	73.90	177.00
$36	67.80	75.50	185.00
$37	68.90	77.10	193.00
$38	70.00	78.50	200.00
$39	71.00	79.90	207.00
$40	72.00	81.10	213.00
$41	73.10	82.70	221.00
$42	74.10	83.90	227.00
$43	75.10	85.30	234.00
$44	76.10	86.70	241.00
$45	77.10	88.50	250.00
$46	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (b) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954. 42 USC 415.

"(b) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual Post, p. 1065. Ante, p. 1062.

shall be the amount determined under subparagraph (A) of this paragraph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than $77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $5 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

Ante, p. 1062.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

42 USC 402; post, pp. 1073, 1079, 1083, 1085.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

42 USC 403; post, pp. 1070, 1073-1078.

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount For Purposes of Conversion Table".

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits".

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage)" after "individual".

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this Act, the following new paragraph:

Post, p. 1079.

"(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and 106 of the Social Security Amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability) shall, to the extent provided by such sections, be applicable to such computation."

Ante, p. 1062; post, pp. 1078, 1079.

(e) (1) Section 215 (e) of such Act is amended by striking out "and" at the end of paragraph (1), by changing the period at the end of paragraph (2) to a semicolon, and by adding after such paragraph (2) the following new paragraph:

Post, pp. 1078, 1080.

"(3) if an individual's closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) (C); and". Ante, p. 1063. Post, p. 1067.

(2) Section 215 (f) (2) of such Act is amended to read as follows:

"(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—

"(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,

"(ii) he has wages and self-employment income of more than $1,200 in a calendar year which occurs after 1953 (not taking into account any year prior to the calendar year in which the last previous recomputation, if any, of his primary insurance amount was effective) and after the year in which he became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) (B) or 102 (f) (2) (B) of the Social Security Amendments of 1954, whichever of such events is the latest, and Post, p. 1079. Post, pp. 1069, 1071.

"(iii) he filed such application no earlier than six months after such calendar year referred to in clause (ii) in which he had such wages and self-employment income.

Such recomputation shall be effective for and after the twelfth month before the month in which he filed such application for recomputation but in no event earlier than the month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual's self-employment income shall be allocated to calendar quarters in accordance with section 212. 42 USC 412.

"(B) A recomputation pursuant to subparagraph (A) shall be made as provided in subsection (a) of this section and as though the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, but only if the provisions of subsection (b) (4) were not applicable to the last previous computation of his primary insurance amount. If the provisions of subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable." Ante, p. 1063. Ante, p. 1062. Ante, p. 1063.

(3) (A) Section 215 (f) (3) of such Act is amended to read as follows:

"(3) (A) Upon application by an individual—

"(i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after August 1954, or Post, p. 1079. 42 USC 402.

"(ii) whose primary insurance amount was recomputed under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, or Post, pp. 1068, 1071

"(iii) whose primary insurance amount was recomputed as provided in the first sentence of paragraph (2) (B) of this subsection on the basis of an application filed after August, 1954,

Recomputation of primary insurance amount.

the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made in the manner provided in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.

"(B) In the case of an individual who dies after August 1954—

"(i) who, at the time of death, was not entitled to old-age insurance benefits under section 202 (a), or who became entitled to old-age insurance benefits under section 202 (a) after August 1954, or whose primary insurance amount was recomputed under paragraph (2) or (4) of this subsection, or section 102 (e) (5) or section 102 (f) (2) (B) of the Social Security Amendments of 1954, on the basis of an application filed after August 1954; and

42 USC 402.

Post, pp. 1068, 1071.

"(ii) with respect to whom the last previous computation or recomputation of his primary insurance amount was based upon a closing date determined under subparagraph (A) or (B) of subsection (b) (3) of this section,

Ante, p. 1063.

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the day following the year of death in case he died without becoming entitled to old-age insurance benefits, or, in case he was entitled to old-age insurance benefits, the day following the year in which was filed the application for the last previous computation of his primary insurance amount or in which the individual died, whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed."

(B) Such section 215 (f) (3) is further amended by adding after subparagraph (B) (added by subparagraph (A) of this paragraph) the following new subparagraph:

Ante, p. 1063.

"(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount after the close of such taxable year,

taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits." 42 USC 412.

(4) Section 215 (f) (4) of such Act is amended to read as follows:

"(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if— Death after 1954.

"(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or Ante, p. 1066.

"(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment. 42 USC 405.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had filed application for recomputation under paragraph (2) (A) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made." 42 USC 405.

(5) (A) In the case of any individual who, upon filing application therefor before September 1954, would (but for the provisions of section 215 (f) (6) of the Social Security Act) have been entitled to a recomputation under subparagraph (A) or (B) of section 215 (f) (2) of such Act as in effect prior to the enactment of this Act, the Secretary shall recompute such individual's primary insurance amount, but only if he files an application therefor or, in case he died before filing such application, an application for monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income is filed. Such recomputation shall be made only as provided in subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act, through the use of a primary insurance amount determined under subsection (d) (6) of such section in the same manner as for an individual to whom subsection (a) (1) of such section, as in effect prior to the enactment of this Act, is applicable; and such recomputation shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) of the Social Security Act if the month in which the application for recomputation is filed, or if the individual died without filing the application for recomputation, the month in which he died, were deemed to be the month in which he became entitled to old-age insurance benefits. In the case of monthly benefits, such recomputation shall be effective for and after the month in which such application for recomputation is filed or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivor benefits becomes entitled to such benefits. 42 USC 415. Ante, p. 1066. Ante, p. 1062. Ante, p. 1065. Ante, p. 1062

(B) In the case of—

(i) any individual who is entitled to a recomputation under subparagraph (A) of section 215 (f) (2) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after August 1954, or who died after such month leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or with respect to whom the twelfth month referred to in such subparagraph (A) occurred after such month, and

Ante, p. 1066.

Ante, p. 1068.

(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after August 1954, or who died after August 1954 leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or who did not attain the age of seventy-five prior to September 1954,

Ante, p. 1066.

Ante, p. 1068.

the recomputation of his primary insurance amount shall be made in the manner provided in section 215 of the Social Security Act, as amended by this Act, for computation of such amount, except that his closing date, for purposes of subsection (b) of such section 215, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for or, if he has died, in the month in which he died. In the case of monthly benefits, such recomputation shall be effective for and after the month in which such application for recomputation is filed or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivors benefits becomes entitled to such benefits.

42 USC 415; ante, pp.1062, 1063, 1065-1068; post, pp. 1078-1080.

(C) An individual or, in case of his death, his survivors entitled to a lump-sum death payment or to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income shall be entitled to a recomputation of his primary insurance amount under section 215 (f) (2) or section 215 (f) (4) of the Social Security Act as in effect prior to the date of enactment of this Act only if (i) he had not less than six quarters of coverage in the period after 1950 and prior to January 1, 1955, and (ii) either the twelfth month referred to in subparagraph (A) of such section 215 (f) (2) occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (iii) he meets the other conditions of entitlement to such a recomputation. No individual shall be entitled to a recomputation under subparagraph (A) or (B) of this paragraph if his primary insurance amount has previously been recomputed under either of such subparagraphs.

42 USC 402; post, pp.1073, 1079, 1083, 1085.

Ante, pp.1066, 1068.

(6) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1956 and with respect to whom not less than six of the quarters elapsing after 1954 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his primary insurance amount shall be computed under section 215 (a) (1) (A) of such Act, as amended by this Act, with a starting date of December 31, 1954, and a closing date of July 1, 1956, but only if it would result in a higher primary insurance amount. For

Post, p.1079.

Ante, p. 1062.

the purposes of section 215 (f) (3) (C) of such Act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1956, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1956 closing date, the total of his wages and self-employment income after December 31, 1955, shall, if it is in excess of $2,100, be reduced to such amount. Ante, p. 1067. Ante, p. 1063.

(7) Section 203 (a) of such Act is amended to read as follows: 42 USC 403.

"(a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased." 42 USC 402; post, pp. 1073, 1079, 1083, 1085. 42 USC 402.

(8) In the case of an individual who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or died prior to September 1954, the provisions of section 215 (f) (3) as in effect prior to the enactment of this Act shall be applicable as though this Act had not been enacted. Post, p. 1079. 42 USC 415.

(f) (1) The amendments made by the preceding subsections, other than subsection (b) and paragraphs (1), (2), (3), and (4) of subsection (e), shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after, August 1954. Applicability. 42 USC 415. 42 USC 402; post, pp. 1073, 1079, 1083, 1085.

(2) (A) The amendment made by subsection (b) (2) shall be applicable only in the case of monthly benefits for months after August 1954, and the lump-sum death payment in the case of death after August 1954, based on the wages and self-employment income of an individual (i) who does not become eligible for benefits under section 202 (a) of the Social Security Act until after August 1954, or (ii) who dies after August 1954, and without becoming eligible for benefits under such section 202 (a), or (iii) who is or has been entitled to have his primary insurance amount recomputed under section 215 (f) (2) of the Social Security Act, as amended by subsection (e) (2) of this section, or under subsection (e) (5) (B) of this section, or (iv) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such Act), or (v) who files an application for a disability determination which is 42 USC 402. Ante, p. 1066. Ante, p. 1069.

Post, p. 1080. accepted as an application for purposes of section 216 (i) of such Act, or (vi) who dies after August 1954, and whose survivors are (or 42 USC 415. would, but for the provisions of section 215 (f) (6) of such Act, be) entitled to a recomputation of his primary insurance amount under Ante, p. 1068. section 215 (f) (4) (A) of such Act, as amended by this Act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was, or would upon filing application therefor in such month have been, entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance 42 USC 402. benefits under section 202 (a) of the Social Security Act who was or, upon filing application therefor, would have been entitled to such benefits for August 1954, to whom subparagraph (A) is inapplicable, and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of sec- 42 USC 415. tion 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application, after August 1954, by him or, if he dies without filing such an application, by any person entitled to monthly survivors 42 USC 402; benefits under section 202 of such Act on the basis of such individual's post, pp. 1073, wages and self-employment income. Such recomputation shall be 1079, 1083, made in the manner provided in section 215 of the Social Security 1085. Act for computation of such individual's primary insurance amount, 42 USC 415; except that the provisions of subsection (f) of such section (other ante, pp. than paragraph (3) (C) thereof) shall not be applicable for purposes 1062, 1063, of such computation, and except that his closing date, for purposes of 1065-1068; subsection (b) of such section, shall be determined as though he post, pp. 1078- became entitled to old-age insurance benefits in the month in which 1080. he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective (i) if the application is filed by such individual, for and after the twelfth month before the bond in which the application therefor was filed by such individual but in no case before the first month of the quarter which is such individual's sixth quarter of coverage acquired after June 30, 1953, or (ii) if such application was filed by a person entitled to monthly survivors benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivors benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

Ante, pp. 1062, 1065. (3) The amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits under section 42 USC 402. 202 (a) of the Social Security Act until after August 1954, or who dies after August 1954 without becoming entitled to such benefits, or who files an application after August 1954 and is entitled to a recom- Ante, pp. 1066, putation under paragraph (2) or (4) of section 215 (f) of the Social 1068. Security Act, as amended by this Act, or who is entitled to a recomputation under paragraph (2) (B) of this subsection, or who is entitled Ante, p. 1068. to a recomputation under paragraph (5) of subsection (e).

Ante, p. 1066. (4) The amendments made by subsection (e) (2) shall be applicable only in the case of applications for recomputation filed after 1954. Ante, p. 1068. The amendment made by subsection (e) (4) shall be applicable only in the case of deaths after 1954.

(5) The amendments made by subparagraph (A) of subsection (e) (3) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after August 1954. Ante, p. 1066.

(6) No increase in any benefit by reason of the amendments made by this section (other than subsection (e)) or by reason of subparagraph (B) of paragraph (2) of this subsection shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act. 42 USC 415; ante, pp. 1062, 1063, 1065-1068; post, pp. 1078-1080.

(g) Effective September 1, 1954, section 2 (c) (2) (B) of the Social Security Act Amendments of 1952 is amended to read as follows: 66 Stat. 769. 42 USC 415 notes.

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after August 1954."

(h) (1) Where— 42 USC 401-421.

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such Act for August 1954; Post, p. 1079.

(B) one or more other persons were entitled (without the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this Act, Ante, p. 1070.

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this Act; or

(E) the amount determined pursuant to such section, as in effect prior to the enactment of this Act, for August 1954 plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act Amendments of 1952 for August 1954 plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month. 42 USC 415 notes.

(2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such Act for August 1954 on the basis of the wages and self-employment income of a deceased individual; and Post, p. 1079. 42 USC 401-421.

(B) the total of the benefits to which all such persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of the first sentence of section 203 (a) of the Social Security Act, as amended by this Act, Ante, p. 1070.

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall,

for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such Act, as amended by this Act; or

42 USC 415; ante, pp. 1062, 1063, 1065-1068;

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this Act, plus $7.

post, pp. 1078-1080.

(i) (1) Section 202 of such Act is amended by inserting after subsection (l) the following new subsection:

42 USC 402; post, pp. 1079, 1083, 1085.

"Minimum Survivor's or Dependent's Benefit

"(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k) (3), less than $30 and no other individual is (without the application of section 202 (j) (1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to $30."

Post, p. 1079.

(2) The first sentence of subsection (i) of such section 202 is amended by inserting ", or an amount equal to $255, whichever is the smaller" after "primary insurance amount".

AMENDMENTS RELATING TO DEDUCTIONS FROM BENEFITS

42 USC 403; post, p. 1078.

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of seventy-two and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or".

Post, p. 1078.

(b) (1) Section 203 (c) of such Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-two and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such Act is amended to read as follows: "The charging of earnings to any month shall be treated as an event occurring in such month."

Post, p. 1078.

(d) (1) The heading of section 203 (e) of such Act is amended to read "Months to Which Earnings Are Charged".

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year of twelve months are not more than $1,200, no month in such year shall be

charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than the product of $100 times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of twelve months are in excess of $1,200, the amount of his earnings in excess of $1,200 shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of $100 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-two or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80."

42 USC 403; ante, p. 1073; post, p. 1078.

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

Infra.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes

of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211, other than paragraphs (1), (4), and (5) of subsection (c), shall be applicable; and any excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

42 USC 411; ante, pp. 1054, 1055; post, p. 1078.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

42 USC 409; ante, p. 1052; post, p. 1078.
42 USC 410; ante, pp. 1052-1054, 1061.

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year."

42 USC 403.

(e) Section 203 (f) of such Act is amended to read as follows:

"Penalty for Failure To Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c), (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month."

(f) (1) The heading of section 203 (g) of such Act is amended to read "Report of Earnings to Secretary".

(2) The first sentence of paragraph (1) of section 203 (g) of such Act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of $100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

42 USC 402; ante, p. 1073; post, pp. 1079, 1083, 1085.
Ante, p. 1074.

(3) The third sentence of paragraph (1) of such section 203 (g) is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two".

(4) Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or a subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

42 USC 402; ante, p. 1073; post, pp. 1079, 1083, 1085.

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

(5) Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)"; by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

42 USC 402; ante, p. 1073; post, pp. 1079, 1083, 1085.

(6) The heading of section 203 (j) of such Act is amended by striking out "Seventy-five" and inserting in lieu thereof "Seventy-two" and such section is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two".

42 USC 403; post, p. 1078.

(g) Section 203 of such Act is amended by adding at the end thereof the following new subsection:

"Noncovered Remunerative Activity Outside the United States

"(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term 'trade or business' shall have the same meaning as when used in section 162 of the Internal Revenue Code of 1954."

42 USC 410; ante, pp.1052-1054, 1061.

42 USC 411; ante, pp.1053, 1054.

68A Stat. 45.

(h) Section 203 of such Act is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

"Good Cause for Failure To Make Reports Required

"(l) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

Ante, pp.1075, 1076.

(i) (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsections (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h)) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

Ante, p.1070. 42 USC. 401-421.

Ante, p.1073.

(2) No deduction shall be imposed on or after the date of the enactment of this Act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such date);

Ante, pp. 1075, 1076.

Ante, p.1073; post, p.1078.

and no such deduction imposed prior to such date shall be collected after such date. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this Act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded. Ante, p. 1076.

(3) Subsections (b) (1), (b) (2), (c), (e), and (j) of section 203 of the Social Security Act as in effect prior to the enactment of this Act, to the extent they are in effect with respect to months after 1954, are each amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two", but only with respect to such months after 1954. 42 USC 403; ante, pp. 1073, 1074, 1076.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows: 42 USC 409.

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;".

(b) Paragraph (1) of subsection (b) of section 211 of such Act is amended to read as follows: 42 USC 411.

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such Act are amended to read as follows— 42 USC 413.

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;".

(d) Paragraph (1) of section 215 (e) of such Act is amended to read as follows: Ante, p. 1065.

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, and the excess over $4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212);". 42 USC 412.

RETROACTIVE APPLICATIONS FOR BENEFITS

42 USC 402. SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth".

(b) The amendment made by subsection (a) shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after August 1954; except that no individual shall, by reason of such amendment, be entitled to any benefit for any month prior to February 1954.

PRESERVATION OF INSURANCE RIGHTS OF INDIVIDUALS WITH EXTENDED TOTAL DISABILITY

42 USC 413. SEC. 106. (a) (1) Section 213 (a) (2) (A) of the Social Security Act is amended to read as follows:

"(A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid $50 or more in wages, except that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, $3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a period of disability, other than the initial quarter of such period."

Post, p. 1080.

(2) Section 213 (a) (2) (B) (i) of such Act is amended to read as follows:

"(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;".

42 USC 414. (b) (1) Section 214 (a) (2) of the Social Security Act is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) forty quarters of coverage,

not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage."

Post, p. 1080.

(2) Section 214 (b) of such Act is amended by striking out the period and inserting in lieu thereof: ", not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage."

Ante, p. 1062. (c) (1) Section 215 (b) (1) of the Social Security Act (as amended by section 102 (b) (1) of this Act) is amended by inserting after "quarters of coverage" the following: "and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage".

Post, p. 1080.

Ante, p. 1065. (2) Section 215 (d) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was

a quarter of coverage, and any wages paid in any such quarter shall not be counted."

(3) Section 215 (e) of such Act (as amended by section 102 (e) (1) of this Act) is amended by adding after paragraph (3) the following new paragraph: Ante, p. 1066.

"(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability."

(d) Section 216 of the Social Security Act is amended by adding after subsection (h) the following new subsection: 42 USC 416.

"Disability; Period of Disability

"(i) (1) The term 'disability' means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term 'blindness' means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital. "Blindness."

"(2) The term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains retirement age. Except as provided in paragraph (4), a period of disability shall begin— "Period of disability."

"(A) if the individual satisfies the requirements of paragraph (3) on such day,

"(i) on the day the disability began, or

"(ii) on the first day of the one-year period which ends with the day before the day on which the individual files such application,

whichever occurs later;

"(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the first month in which either the disability ceases or the individual attains retirement age. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted.

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

Ante, pp. 1078, 1079; post, p. 1084.

"(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

"(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"(4) If an individual files an application for a disability determination after December 1954, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability, if such individual does not die prior to July 1, 1955, shall be—

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

"(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements."

42 USC 417.

(e) (1) The first sentence of section 217 (a) (1) of the Social Security Act is amended by inserting "and for purposes of section 216 (i) (3)," after "World War II veteran,".

Ante, p. 1080.

(2) The first sentence of section 217 (e) (1) of such Act is amended by inserting "and for purposes of section 216 (i) (3)," after "veteran (as defined in paragraph (4)),".

(3) Such section 217 (a) (1) and such section 217 (e) (1) of such Act are each amended by adding at the end thereof the following new sentence: "The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3)."

45 USC 228e.

(f) Section 5 (k) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "and for the purposes of section 203 of that Act" and inserting in lieu thereof "and for the purposes of sections 203 and 216 (i) (3) of that Act".

42 USC 419.

(g) Title II of the Social Security Act is amended by adding after section 219 the following new sections:

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

"DISABILITY DETERMINATIONS

"SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d),

Ante, p. 1080.

any such determination shall be the determination of the Secretary for purposes of this title.

"(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in the State as may be designated in the agreement at the State's request. Agreements with States. 57 Stat. 379. 29 USC 41.

"(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, may determine that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

"(d) Any individual dissatisfied with any determination under subsection (a), (c), or (g) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205 (g). 42 USC 405.

"(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Fund at the time or times fixed by the Secretary, in accordance with such certification.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Fund.

"(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

"REFERRAL FOR REHABILITATION SERVICES

"SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity." 57 Stat. 379. 29 USC 41.

42 USC 415.

(h) Notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, the amendments made by subsections (a), (b), (c), (d), (e), and (f) of this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after June 1955, and with respect to lump-sum death payments under such title in the case of deaths occurring after June 1955; but no recomputation of benefits by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

42 USC 401-421.

Ante, pp. 1066-1068.

TERMINATION OF BENEFITS UPON DEPORTATION

42 USC 402; ante, pp. 1073, 1079; post, p. 1085.

SEC. 107. Section 202 of the Social Security Act is amended by adding after subsection (m) thereof (added by section 102 (i) of this Act) the following new subsection:

"Termination of Benefits Upon Deportation of Primary Beneficiary

"(n) (1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

66 Stat. 204. 8 USC 1251.

"(A) no monthly benefit under this section shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence,

"(B) if no benefit could be paid to such individual (or if no benefit could be paid to him if he were alive) for any month by reason of subparagraph (A), no monthly benefit under this section shall be paid, on the basis of his wages and self-employment income, for such month to any other person who is not a citizen of the United States and is outside the United States for any part of such month, and

"(C) no lump-sum death payment shall be made on the basis of such individual's wages and self-employment income if he dies (i) in or after the month in which such notice is received, and (ii) before the month in which he is thereafter lawfully admitted to the United States for permanent residence.

Ante, pp. 1073, 1078.

Section 203 (b) and (c) of this Act shall not apply with respect to any such individual for any month for which no monthly benefit may be paid to him by reason of this paragraph.

"(2) As soon as practicable after the deportation of any individual under any of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) in this subsection, the Attorney General shall notify the Secretary of such deportation."

INSURED STATUS

42 USC 414; ante, p. 1079.

SEC. 108. (a) Section 214 (a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he

attained retirement age or died, whichever first occurred, are quarters, but only if there are not fewer than six of such quarters so elapsing."

(b) Subparagraph (B) of section 213 (a) (2) of such Act is amended by inserting "(except wages for agricultural labor paid after 1954)" after "$50 or more in wages" in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following: Ante, pp. 1078, 1079.

"(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are less than $200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $200 but are less than $300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

"(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained retirement age or died or is under a disability and who has been paid wages for agricultural labor in a calendar year after 1954, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters." Ante, pp. 1079, 1083. Ante, p. 1080.

BENEFITS IN CERTAIN CASES OF DEATHS BEFORE SEPTEMBER 1950

SEC. 109. (a) In the case of any individual—

(1) who died prior to September 1, 1950, and was not a fully insured individual (under title II of the Social Security Act), when he died, and 42 USC 401-421.

(2) who had not less than six quarters of coverage (as defined in such title),

such individual shall, except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of the Social Security Act, be deemed to have died a fully insured individual. Such individual's primary insurance amount shall be computed under subsection (a) (2) of section 215 of such Act. For the purpose of such computation, the provisions of section 215 (d) (3) of such Act shall apply if such individual died a currently insured individual (under title II of such Act) and any other person was entitled on the basis of his wages to monthly benefits or a lump-sum death payment under section 202 of such Act; in all other cases the provisions of section 215 (d) (4) shall be applicable, except that such individual's closing date shall be the first day of the quarter in which he died. In the case of any such individual, the requirement in subsection (h) of section 202 of such Act that proof of support be filed within two years of the date of his death shall not apply if such proof is filed before September 1956. Post, p. 1085. Ante, p. 1062. 42 USC 415. Ante, pp. 1073, 1079, 1083; post, p. 1085. Ante, p. 1065.

(b) The provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the Social Security Act for months after August 1954, on the basis of applications filed after such month.

42 USC 402; ante, pp. 1073, 1079, 1083.

ELIMINATION OF REQUIRMENT OF FILING APPLICATION IN CERTAIN CASES

42 USC 402.

SEC. 110. (a) Section 202 (e) (1) (C) of the Social Security Act is amended to read as follows:

"(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

"(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age,".

(b) Section 202 (g) (1) (D) of such Act is amended to read as follows:

"(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,".

(c) The third sentence of section 202 (i) of such Act is amended by inserting immediately before the period at the end thereof the following: ", or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died"

TECHNICAL AMENDMENTS

42 USC 404.

SEC. 111. (a) The second sentence of section 204 (a) of the Social Security Act is amended by inserting "and self-employment income" after "wages".

42 USC 408.

(b) Section 208 of the Social Security Act is amended by inserting ", or as to the amount of net earnings from self-employment derived or the period during which derived" after "as to the amount of any wages paid or received or the period during which earned or paid".

REPEAL OF REQUIREMENT OF CERTAIN DEDUCTIONS

42 USC 403.

SEC. 112. (a) No deductions shall be made pursuant to subsection (i) of section 203 of the Social Security Act from any benefits for any month after August 1954; and, effective September 1, 1954, such subsection is repealed.

26 USC 1400 note.

(b) No deductions shall be made pursuant to section 907 of the Social Security Act Amendments of 1939 (53 Stat. 1360, 1402), with respect to wages for services performed in 1939, from any benefits for any month after August 1954; and, effective September 1, 1954, such section is amended by striking out "1 per centum of any wages paid him for services performed in 1939, and subsequent to his attaining age sixty-five, and".

PROOF OF SUPPORT BY HUSBAND OR WIDOWER IN CERTAIN CASES

SEC. 113. (a) For the purpose of determining the entitlement of any individual to husband's insurance benefits under subsection (c) of section 202 of the Social Security Act on the basis of his wife's wages and self-employment income, the requirements of paragraph (1) (D) of such subsection shall be deemed to be met if— 42 USC 402.

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur, Ante, pp. 1073, 1078.

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950. Ante, p. 1079.

(b) For the purpose of determining the entitlement of any individual to widower's insurance benefits under subsection (f) of section 202 of the Social Security Act on the basis of his deceased wife's wages and self-employment income, the requirements of paragraph (1) (E) (ii) of such subsection shall be deemed to be met if— 42 USC 402.

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife, and she was a currently insured individual, on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur, Ante, pp. 1073, 1078.

(2) such individual has filed proof of such support within two years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950. Ante, p. 1079.

(c) For purposes of subsection (b) (1) of this section, and for purposes of section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of this section is applicable, the wife of an individual shall be deemed a currently insured individual if she had not less than six quarters of coverage (as determined under section 213 of the Social Security Act) during the thirteen-quarter period ending with the calendar quarter in which occurs the first month (1) for which such wife was entitled to a monthly benefit under section 202 (a) of such Act, and (2) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur. 42 USC 402. Ante, pp. 1078, 1079, 1084. 42 USC 402. Ante, pp. 1073, 1078.

(d) This section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such Act, for months after August 1954, and only with respect to benefits based on applications filed after such month.

DEFINITION

SEC. 114. As used in the provisions of the Social Security Act amended by this title, the term "Secretary" means the Secretary of Health, Education, and Welfare.

COVERED EMPLOYMENT NOT COUNTED UNDER OTHER FEDERAL RETIREMENT SYSTEMS

SEC. 115. Notwithstanding any other provision of law, in determining eligibility for or the amount of any benefit (other than a benefit under title II of the Social Security Act or under the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof, there shall not be taken into account any service which, by reason of the amendments to section 210 (a) of the Social Security Act made by section 101 (c) of this Act, constitutes employment as defined in such section 210 (a).

42 USC 401-421. 45 USC 228a-228y; ante, p. 1081; post, pp. 1097, 1098. Ante, p. 1053.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODES OF 1939 AND 1954

AMENDMENTS TO DEFINITIONS OF SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

68A Stat. 353.

SEC. 201. (a) (1) Paragraph (1) of section 1402 (a) of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) there shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;".

Post, p. 1089.

(2) Subsection (a) of section 1402 of the Internal Revenue Code of 1954 is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), (7), and (8), and any references thereto contained in such code, as paragraphs (2), (3), (4), (5), (6), and (7), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121 (g), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 percent of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

68A Stat. 424.

(b) (1) Paragraph (1) of section 1402 (b) of the Internal Revenue Code of 1954 is amended to read as follows: 68A Stat. 354.

"(1) that part of the net earnings from self-employment which is in excess of—

"(A) for any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) for any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(2) Section 1402 (b) of the Internal Revenue Code of 1954 is amended by inserting after "employees)" the following: ", or under an agreement entered into pursuant to the provisions of section 3121 (l) (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations),". Post, p. 1094.

(c) (1) Section 1402 (c) (2) of the Internal Revenue Code of 1954 is amended by inserting after "18" the following: "and other than service described in paragraph (4) of this subsection".

(2) Section 1402 (c) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentences: The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under subsection (e) is in effect." Infra.

(3) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(e) MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.—

"(1) WAIVER CERTIFICATE.—Any individual who is (A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) or (B) a Christian Science practitioner may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service described in subsection (c) (4), or service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be, performed by him. 42 USC 401-421.

"(2) TIME FOR FILING CERTIFICATE.—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed, in the case of an individual referred to in paragraph (1) (A), without regard to subsection (c) (4), and, in the case of an individual referred to in paragraph (1) (B), without regard to subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner) of $400 or more, any part of which was derived from the performance of service described in subsection (c) (4), or from the performance of service described in subsection (c) (5) insofar as it relates to the performance of service

by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be.

"(3) EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable."

Ante, p. 1087. (4) Section 1402 (a) of the Internal Revenue Code of 1954 is amended—

(A) by striking out the period at the end of paragraph (7) (as renumbered by subsection (a) (2) of this section) and inserting in lieu thereof a semicolon, and

(B) by inserting after such paragraph (7) thereof a new paragraph as follows:

"(8) an individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 3121 (h))

68A Stat. 425. shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States)."

68A Stat. 289, 291.

68A Stat. 355. (5) Section 1402 (c) (5) of the Internal Revenue Code of 1954 is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership."

(d) The amendments made by subsections (a), (b), and (c) of this section shall be applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

68A Stat. 797. SEC. 202. (a) (1) The first sentence of section 6413 (c) (1) of the Internal Revenue Code of 1954 is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $4,200, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received."

68A Stat. 13.
68A Stat. 938, 415.
Post, p. 1094.

(2) Section 1401 (d) (3) of the Internal Revenue Code of 1939 is amended by striking out the period at the end of the second sentence and inserting in lieu thereof "or, in the case of any agreement (or modification thereof) pursuant to section 218 of the Social Security Act which is effective as of a date more than two years prior to the date such agreement (or modification) was agreed to, within two years after the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare." 68A Stat. 938, 797. Ante, pp. 1053, 1055-1059.

(b) (1) The heading of section 6413 (c) (2) of the Internal Revenue Code of 1954 is amended to read as follows: "APPLICABILITY IN CASE OF FEDERAL AND STATE EMPLOYEES AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.—" 68A Stat. 797.

(2) Section 6413 (c) (2) (A) of the Internal Revenue Code of 1954 is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $4,200 for any calendar year after 1954,".

(3) Section 6413 (c) (2) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subparagraph:

"(C) Employees Of Certain Foreign Corporations.—For purposes of paragraph (1) of this subsection, the term 'wages' includes such remuneration for services covered by an agreement made pursuant to section 3121 (l) as would be wages if such services constituted employment; the term 'employer' includes any domestic corporation which has entered into an agreement pursuant to section 3121 (l); the term 'tax' or 'tax imposed by section 3101,' includes, in the case of services covered by an agreement entered into pursuant to section 3121 (l), an amount equivalent to the tax which would be imposed by section 3101, if such services constituted employment as defined in section 3121; and the provisions of paragraph (1) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section 3121 (l) has been paid to the Secretary or his delegate." Post, p. 1094. Post, p. 1094. Post, pp. 1091-1094.

(c) The second sentence of section 3122 of the Internal Revenue Code of 1954 is amended by striking out "$3,600" and inserting in lieu thereof "$4,200". 68A Stat. 428.

(d) The amendments made by subsections (a) (1), (b), and (c) shall be applicable only with respect to remuneration paid after 1954. The amendment made by subsection (a) (2) shall be effective as if it had been enacted as a part of section 203 (c) of the Social Security Act Amendments of 1950 which added section 1401 (d) (3) to the Internal Revenue Code of 1939. 64 Stat. 525.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

SEC. 203. (a) Section 3122 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality." 68A Stat. 428.

(b) The amendment made by subsection (a) shall become effective January 1, 1955.

AMENDMENTS TO DEFINITION OF WAGES

68A Stat. 417.

SEC. 204. (a) Paragraph (1) of section 3121 (a) of the Internal Revenue Code of 1954 is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$4,200".

68A Stat. 418.

(b) (1) Subparagraph (B) of section 3121 (a) (7) of the Internal Revenue Code of 1954 is amended to read as follows:

Domestic service.

"(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (g) (5);".

(2) Section 3121 (a) (7) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subparagraph:

Service not in employer's trade, etc.

"(C) cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5);".

68A Stat. 418.

(3) Section 3121 (a) (8) of the Internal Revenue Code of 1954 is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

Agricultural labor.

"(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than $100;".

Applicability.

(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

68A Stat. 419.

SEC. 205. (a) Section 3121 (b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

"(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

(b) Section 3121 (b) of the Internal Revenue Code of 1954 is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such code, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section 3121 (b) of the Internal Revenue Code of 1954 herein redesignated as paragraph (4) is amended by

striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft, when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

(d) (1) Subparagraph (B) of the paragraph of section 3121 (b) of the Internal Revenue Code of 1954 herein redesignated as paragraph (6) is amended— 68A Stat. 419.

(A) by inserting "by an individual" after "service performed," and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;".

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052); 61 Stat. 727.

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;". 46 Stat. 468. 5 USC 691 note.

(e) Section 3121 (b) of the Internal Revenue Code of 1954 is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such code, as paragraphs (14) and (15), respectively. 68A Stat. 422.

(f) The amendments made by subsections (c), (d), and (e) shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. Applicability.

AMENDMENT RELATING TO COLLECTION OF EMPLOYEE TAX

68A Stat. 415. SEC. 205 A. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C) or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50; and an employer who in any calendar year pays to an employee cash remuneration to which paragraph (8) (B) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar year is less than $100."

Ante, p. 1091; 68A Stat. 418.

Ante, p. 1091.

AMENDMENT TO DEFINITION OF EMPLOYEE

68A Stat. 424. SEC. 206. (a) Subparagraph (C) of section 3121 (d) (3) of the Internal Revenue Code of 1954 is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

FILING OF SUPPLEMENTAL LISTS OF EMPLOYEES BY CERTAIN NONPROFIT ORGANIZATIONS

68A Stat. 427. SEC. 207. (a) Paragraph (1) of section 3121 (k) of the Internal Revenue Code of 1954 is amended by striking out the third sentence thereof and inserting in lieu thereof the following: "Such list may be amended at any time prior to the expiration of the twenty-fourth month following the first calendar quarter for which the certificate is in effect, by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate."

(b) Paragraph (1) of such section 3121 (k) is further amended by striking out the period at the end of the fifth sentence thereof and inserting in lieu thereof the following: ", except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed."

42 USC 410.

CHANGES IN TAX SCHEDULES

68A Stat. 353. SEC. 208. (a) Section 1401 of the Internal Revenue Code of 1954 is amended by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of the Internal Revenue Code of 1954 is amended by striking out paragraph (4) and inserting in lieu thereof the following: 68A Stat. 415.

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ percent;

"(5) with respect to wages received after December 31, 1974, the rate shall be 4 percent."

(c) Section 3111 of the Internal Revenue Code of 1954 is amended by striking out paragraph (4) and inserting in lieu thereof the following: 68A Stat. 416.

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ percent;

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4 percent."

FOREIGN SUBSIDIARIES OF DOMESTIC CORPORATION

SEC. 209. Section 3121 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection: 68A Stat. 417.

"(l) AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.—

"(1) AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.—The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (8)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the term 'employment' or 'wages', as defined in this section, had the service been performed in the United States. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, with respect to any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, on or after the effective date of the agreement, are employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide— 42 USC 401-421. Post, p. 1096.

"(A) that the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary or his delegate may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section; and Supra.

"(B) that the domestic corporation will comply with such regulations relating to payments and reports as the Secretary or his delegate may prescribe to carry out the purposes of this subsection.

"(2) EFFECTIVE PERIOD OF AGREEMENT.—An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

"(3) TERMINATION OF PERIOD BE A DOMESTIC CORPORATION.—The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign corporation shall terminate at the end of any calendar quarter in which the foreign corporation, at any time in such quarter, ceases to be a foreign subsidiary as defined in paragraph (8).

Post, p. 1096.

"(4) TERMINATION OF PERIOD BY SECRETARY.—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

"(5) NO RENEWAL OF AGREEMENT.—If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety (A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4), the domestic corporation may not again enter into an agreement pursuant to paragraph (1). If any such agreement is terminated with respect to any foreign subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

"(6) DEPOSITS IN TRUST FUND.—For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—

42 USC 401.

"(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

"(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or of the regulations issued under this subsection,

shall be considered wages subject to the taxes imposed by this chapter.

"(7) OVERPAYMENTS AND UNDERPAYMENTS.—

"(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be required by regulations prescribed by the Secretary or his delegate.

"(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

"(8) DEFINITION OF FOREIGN SUBSIDIARY.—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is— Ante, pp. 1052-1054, 1061.

"(A) a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation; or

"(B) a foreign corporation more than 50 percent of the voting stock of which is owned by the foreign corporation described in subparagraph (A).

"(9) DOMESTIC CORPORATION AS SEPARATE ENTITY.—Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account. Ante, p. 1090.

"(10) REGULATIONS.—Regulations of the Secretary or his delegate to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers pursuant to this title with respect to the taxes imposed by this chapter."

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

SEC. 210. (a) The Internal Revenue Code of 1954 is amended by inserting after section 175 thereof the following new section: 68A Stat. 67.

"SEC. 176. PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.

"In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121 (l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any Ante, p. 1094.

amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received."

68A Stat. 45. (b) The table of sections to part VI of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Sec. 176. Payments with respect to employees of certain foreign corporations."

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

Temporary Extension of 1952 Matching Formula

66 Stat. 780. 42 USC 303 note. Sec. 301. Section 8 (e) of the Social Security Act Amendments of 1952 (Public Law 590, Eighty-second Congress) is amended by striking out "September 30, 1954" and inserting in lieu thereof "September 30, 1956".

Temporary Extension of Special Provision Relating to State Plans for Aid to the Blind

64 Stat. 554. 42 USC 1202a note. Sec. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, Eighty-first Congress) is amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1957".

Technical Amendments

Sec. 303. (a) Sections 3 (b) (1), 403 (b) (1), and 1003 (b) (1) of the Social Security Act are each amended by striking out "one-half" and inserting in lieu thereof "the State's proportionate share".

42 USC 303, 603, 1203.

(b) Section 3 (b) of such Act is amended (1) by striking out "clause (1) of subsection (a)" wherever it appears and inserting in lieu thereof "subsection (a)", (2) by striking out "such clause" in paragraph (1) and inserting "such subsection" in lieu thereof, and (3) by striking out "increased by five per centum" immediately before the period at the end of paragraph (3).

TITLE IV—MISCELLANEOUS PROVISIONS

Amendments Preserving Relationship Between Railroad Retirement and Old-Age and Survivors Insurance

66 Stat. 777. 45 USC 228a. Sec. 401. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954".

45 USC 228b. (b) Section 2 (c) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "six" and inserting in lieu thereof "twelve"; and subsection (5) (j) of such Act, as amended, is amended by striking out "sixth" and inserting in lieu thereof "twelfth". The amendments made by this subsection shall be applicable only in the case of applications for annuities under the Railroad Retirement Act filed after August 1954; except that no individual shall, by reason of such amendment, be entitled to any annuity for any month prior to February 1954.

45 USC 228e.

(c) Section 5 (l) (9) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "$3,600" the second time it appears and inserting in lieu thereof "$4,200".

(d) Section 5 (i) (1) (ii) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows: 60 Stat. 729. 45 USC 228e.

"(ii) will have been under the age of seventy-two and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on seven or more different calendar days in noncovered remunerative activity outside the United States (as defined in section 203 (k) of the Social Security Act); and for purposes of this subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this subdivision applies were entitled to benefits under section 202 of such Act;". Ante, pp. 1073, 1074, 1082. Ante, p. 1077. Ante, p. 1076. Ante, pp. 1073, 1079, 1083, 1085.

CROSS REFERENCES TO REDESIGNATED PROVISIONS

SEC. 402. References in the Internal Revenue Code of 1939, the Internal Revenue Code of 1954, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this Act shall be deemed to refer to such section or subdivision of a section as so redesignated. 26 USC; 68A Stat.; 45 USC 228a-228y.

SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT

SEC. 403. (a) In any case in which—

(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this Act, by an organization which is exempt from income tax under section 101 (6) of the Internal Revenue Code of 1939 but which has failed to file prior to the enactment of this Act a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939; 68A Stat. 932, 163. 68A Stat. 938; ante, p. 1094.

(2) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1955 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list; 42 USC 410; ante, pp. 1052-1054, 1061. 68A Stat. 938; ante, pp. 1091, 1092.

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service; 68A Stat. 938, 415, 416; ante, p. 1094.

(4) part of such taxes have been paid prior to the enactment of this Act:

(5) so much of such taxes as have been paid prior to the enactment of this Act have been paid by such organization in good faith and upon the assumption that a waiver certificate had been filed by it under section 1426 (l) (1) of the Internal Revenue Code of 1939; and 68A Stat. 938; ante, p. 1094.

(6) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by

26 USC 1400-1432.
68A Stat. 938, 415.
42 USC 410; ante, pp. 1052-1054, 1061.

regulations made under subchapter A of Chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939.

(b) In any case in which—

(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this Act, by an organization which has filed a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939;

(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid prior to the enactment of this Act with respect to any part of the remuneration paid to such individual by such organization for such service; and

(4) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed on or before January 1, 1957, and in such form and manner, and with such official, as may be prescribed by regulations made under subchapter A of chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939, and such individual shall be deemed to have concurred in the filing of the waiver certificate filed by such organization under section 1426 (l) (1) of the Internal Revenue Code of 1939.

STUDY OF FEASIBILITY OF PROVIDING INCREASED MINIMUM BENEFITS UNDER TITLE II

Study by HEW.

SEC. 404. (a) The Secretary of Health, Education, and Welfare shall conduct a full and complete study with a view to determining the feasibility of increasing the minimum old-age insurance benefit under title II of the Social Security Act to (1) $55 per month, (2) $60 per month, and (3) $75 per month.

42 USC 401-421.

(b) Such study shall include (1) a detailed analysis of the estimated increase in cost, if any, involved in increasing such minimum benefit to each of the above referred to amounts, (2) estimates of the financial impact such increase would have upon the Old Age and Survivors Insurance Trust Fund, and (3) an estimate of the amount, if any, by which Federal grants to the States for public assistance would be reduced by reason of such increase in minimum old-age insurance benefits.

Report to Congress.

(c) The Secretary shall report to the Congress at the earliest practicable date the results of the study provided for by this section.

Approved September 1, 1954.

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